



SOUTH AFRICAN LOCAL  
GOVERNMENT ASSOCIATION

**SALGA**

*Inspiring service delivery*

**SALGA ANNUAL  
REPORT  
2015/2016**

**Presentation to Parliament  
PC CoGTA  
October 2016**

# PRESENTATION OUTLINE

1. Background

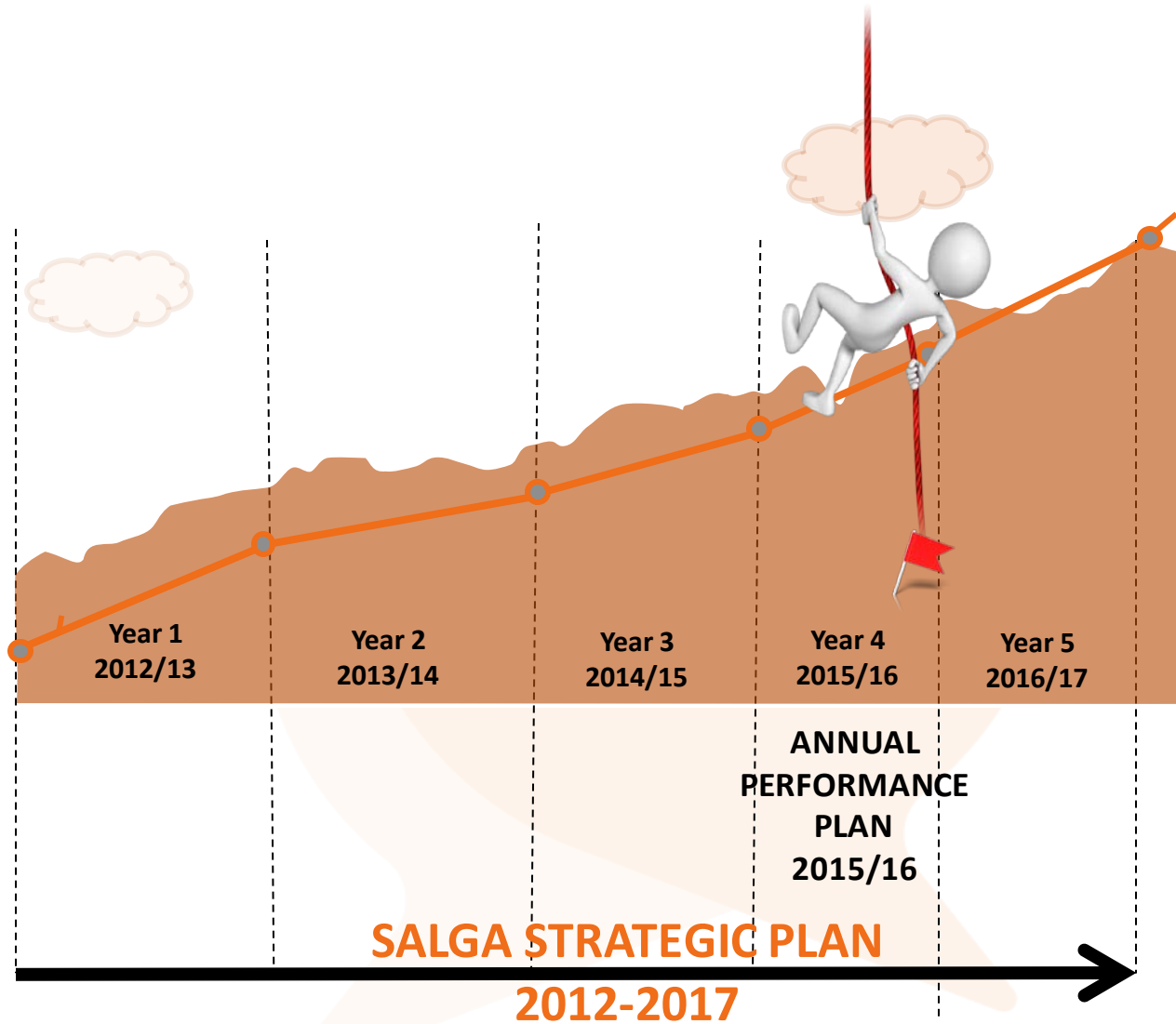
2. Organisational Performance

3. Financial Performance

4. Taking Local Government Forward (2016-2021)

5. Conclusion

# Background



The SALGA APP 2015/16 represents year 4 of the SALGA Strategic Plan: 2012-17

Delivery on the 5<sup>th</sup> and last year of current strategy has started.

A new strategy & APP are being developed

# Background

The SALGA APP (2015/16) continues to bring **greater focus** to SALGA's programme of action, by having fewer and more **impactful and outcomes based indicators**, as well as **institutionalising a multi-disciplinary planning and delivery** approach within SALGA



# Organisational Performance



### SALGA MANDATES

1. Representation
2. Employer Body
3. Capacity Building
4. Support and Advisory Role
5. Profiling Role
6. LG Knowledge Hub

### INTER / NATIONAL CONTEXT

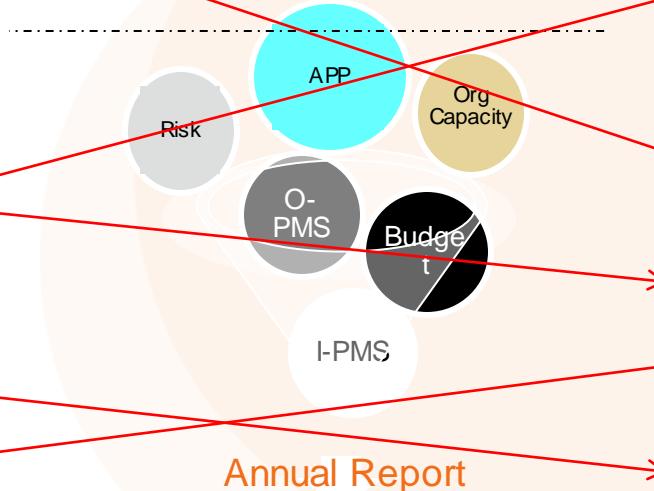
1. MDGs & Global Commitments
2. National Dev Plan & other national plans/policies
3. MTSF
4. LGTAS
5. Electoral Mandate (2011)

## SALGA 5 YEAR STRATEGIC PLAN 2012-2017



### 7 SALGA GOALS

- 1) Accessible, equitable, sustainable services
- 2) Safe and healthy environment and communities
- 3) Coherent local planning & economic development
- 4) Effective, responsive and accountable local governance for communities
- 5) Human capital development in LG
- 6) Financially and organizationally capacitated municipalities
- 7) Effective and efficient SALGA administration.



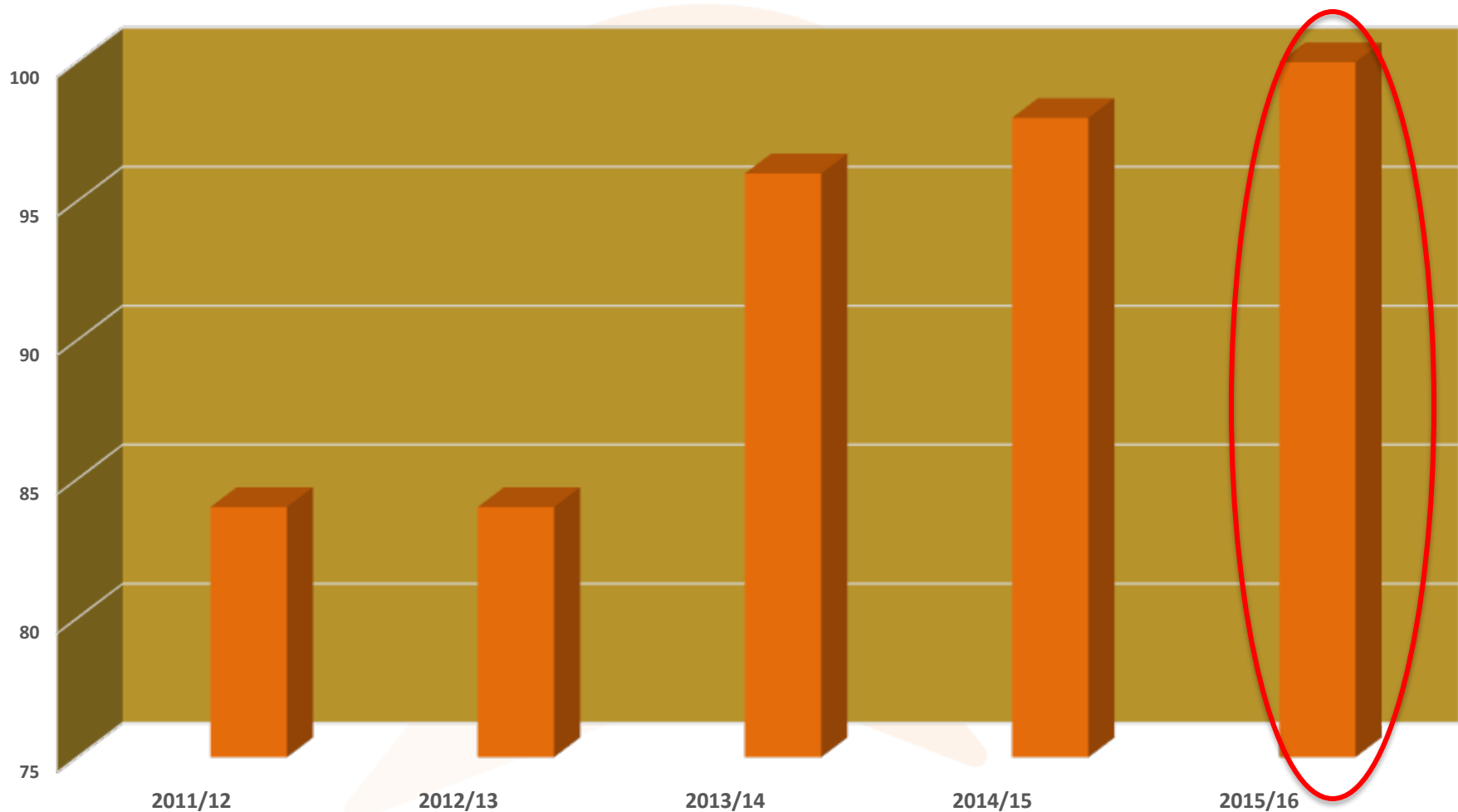
### Back to Basics: Taking LG Forward

1. Putting people first and engaging with communities
2. Delivering basic services
3. Good governance
4. Sound financial management
5. Building capabilities

### APEX PRIORITIES

1. Review of the legislative and policy framework
2. Sound financial management and fiscal framework for LG
3. Improve municipal capacity.
4. Reposition SALGA as a centre for LG excellence, knowledge & intelligence

# Organisational performance Per Year



# Performance per goal

Goal 1: Local government delivering equitable and sustainable services

Goal 2: Safe and healthy environment and communities

Goal 3: Planning and socio-economic development at local government level

Goal 4: Effective, responsive and accountable local governance to communities

Goal 5: Human capital development in local government

Goal 6: Financially and organisationally capacitated municipalities

Goal 7: Effective and efficient administration



# GOAL 1

## ACCESSIBLE, EQUITABLE AND SUSTAINABLE MUNICIPAL SERVICES DELIVERED BY LOCAL GOVERNMENT

### Problem Statement

Municipalities can celebrate the provision of basic services to millions of their residents, however some challenges still remain, particularly in terms of access, development and maintenance of infrastructure and the ability to provide these services in an affordable and sustainable manner.

### Goal Definition

This goal covers the policies, processes, operations and capacity that ensures that local government is able to provide a comprehensive range of municipal services (legislated and value adding) to communities, organisations and people and a manner that makes its accessible, equitable and sustainable.

### Goal Execution

#### **Facilitate universal access to sustainable municipal infrastructure and services through:**

- Facilitate access to bulk infrastructure fund for priority projects
- Facilitate the establishment of sustainable institutions to manage bulk infrastructure
- Sustainable pricing and funding of services facilitated
- Institutional arrangements to render sustainable services facilitated (municipal and social services)
- Active citizenry for a cleaner environment (waste management promoted)
- Refurbishment of municipal infrastructure services facilitated
- Regulatory environment towards sustainable service provision

# GOAL 2

## SAFE AND HEALTHY ENVIRONMENT AND COMMUNITIES



A remnant of South Africa's past is high levels of disparity and inequity, in particular, disadvantaged communities have been subject to poor conditions in terms of health, housing, social and economic development. Given this the key priority for local government is the development of sustainable human settlements where social, health, economic and environmental factors are addressed in an integrated manner.

This goal encapsulates the various social, health, economic and environment interventions that are implemented to build safe communities (crime and disaster), healthy communities (health status, socio-psychological wellbeing, functional communities), and environmentally aware and active communities (improved environment management). It also incorporates a specific focus on eradicating poverty, inequality, marginalisation and xenophobia at a municipal level.

### **Facilitate coherent and effective environmental management through:**

- Facilitated municipal development management that responds to climate change including mitigation and adaptation
- Integrated Environmental management facilitated
- Improved & coherent municipal planning for disaster management and risk reduction

### **Facilitate safer communities through:**

- Adequately capacitated and funded role for Local Government on Migration and related Public Safety

### **Facilitate healthier communities through:**

- Well defined and funded Local Government role in District Health System (DHS)
- Model for the development of sustainable community services, facilities and healthy lifestyles developed and implemented

# GOAL 3

## PLANNING AND ECONOMIC DEVELOPMENT AT A LOCAL LEVEL

### Problem Statement

The history of municipal planning in South Africa has contributed to inappropriate and undesirable patterns of development in municipalities characterised inefficiency, inequality and segregation. Planning under a democratic dispensation has not significantly challenged or re-moulded these patterns. There is an urgency to address planning and economic development at a local level as it will serve as a critical foundation for the development and viability of municipalities.

### Goal Definition

This goal encapsulates the various planning and economic development initiatives that are implemented to build safer communities (crime and disaster), healthier communities (health status, socio-psychological wellbeing, functional communities), and environmentally aware and active communities (improved environment management at a local). It also incorporates a specific focus on eradicating poverty and inequality at a municipal level.

### Goal Execution

#### **Lead the fight against poverty, poverty, inequality and marginalization through:**

- Improved municipal capacity towards LED for the creation of new and better jobs
- Improved access of Local Government to knowledge and information on transversal issues and poverty eradication
- Engage with national policy, industry or ICT agency structures to better enhance a local government ICT position.

#### **Promote Local Government as a centre of Development and Planning through:**

- Represent the interest of LG in the review of national and provincial policies to improve the ability of municipalities to manage development planning
- Support Municipalities to reverse the apartheid spatial planning and development patterns
- Support municipalities to increase to the number of those producing credible IDP's
- Lobby for support of municipalities in rural development and agriculture by National Depts

# GOAL 4

## EFFECTIVE, RESPONSIVE AND ACCOUNTABLE LOCAL GOVERNANCE FOR COMMUNITIES



The country, in its ambitious agenda to establish a developmental state and developmental local government has implemented a range of legislation, policy and institutional arrangements to deliver democratic governance to its people. The current legislation, policy and intergovernmental structures and practices do not always work in the interest of local government and in some instances, they work against it. Of particular concern are instances where the constitutional status of local government as an independent sphere of government has been negatively impacted.

This goal encapsulates the various governance and intergovernmental issues from legislation and policy, to funding and institutional arrangements. It covers issue across all spheres of government and specific issues in relation to the local sphere of government.

### **Effective IGR Support and International Relations through:**

- Structured engagements between LG and executive at provincial and national level
- Sustainable & self-sufficient municipalities - able to deliver effective and accountable governance
- Effective participation of SALGA in National and Provincial legislatures

### **Cultivate good corporate governance and leadership**

- Good governance in municipalities through effective internal governance structures and systems
- Improved and uniform system of support for public office bearers

### **Strengthened community participation in municipal governance through:**

- Innovative and Effective Public Participation in municipalities
- Functional municipal boundaries and ward delimitation

### **Support Local Government to lead the fight against corruption**

- A well coordinated Local Government fight against corruption

### **Facilitate an enabling environment for the functioning of developmental local government**

- Comprehensive review of legislation and policy framework impacting on municipalities



# GOAL 5

## HUMAN CAPITAL DEVELOPMENT IN LOCAL GOVERNMENT

### Problem Statement

While the relevant local government legislation and policy addresses issues relating to HRM&D there is no comprehensive and coherent dispensation for the sector as a whole which causes challenges in terms of implementing effective HRM&D policies and strategies. This scenario makes it difficult for SALGA to effectively perform its mandate as the employer representative for local government. The above scenario is further exacerbated by the challenging labour relations environment. Addressing the HRM&D and labour relations challenges is therefore critical in building stability in the sector and ensuring that the sector is appropriately resourced and capacitated to fulfill its mandate.

### Goal Definition

This goal encapsulates the various policy, strategy and support initiatives that are required to establish a comprehensive HRM&D dispensation for LG. It also focuses specifically on labour relations as a key factor of productivity and service delivery. The goal places particular emphasis on achieving HRM&D stability and growth in sector and supporting skills development and optimal human resourcing for local government.

### Goal Execution

#### **Facilitate sound and stable labour relations through:**

- A mutual gains approach to collective bargaining facilitated
- Review of existing collective agreements framework
- SALGA position on amendments to the LRA incorporated in the Amendment Act
- Represent the interest of Local Government at NEDLAC and ILO

#### **Facilitate empowered leadership and workforce through :**

- Implementation Framework for professionalization of LG HR developed and implemented
- Systems, structures and partnerships for enhanced capacity building programmes established
- Enhanced peer learning and knowledge sharing within and between municipalities

#### **Facilitate improved Human Management through:**

- Local Government Human Resource Policy and Strategy developed and rolled out

# GOAL 6

## FINANCIALLY AND ORGANISATIONALLY CAPACITATED MUNICIPALITIES



The financial challenges faced by municipalities have been well documented, with some municipalities demonstrating a lack of financial viability. This has an obvious impact on the ability of municipalities to be fully functional and perform on its mandate. This is firstly due the challenges in the current fiscal framework and the processes associated with fiscal transfers and the equitable share model. It is also linked to a broader policy that does not differentiate in the definition or categorisation of municipalities. The reality is that many municipalities face significant challenges in financial and organisational viability. This problem has persisted since the establishment of democratic local government. Hence there is a need to address some the fundamental difficulties associated with the fiscal framework for local government.



This goal encapsulates the various policy, strategy and support initiatives that are required to build and enabling fiscal framework and adequate local government capacity to deal with financial management. The ultimate focus of this goal is build long term financial viability and broader sustainability of municipalities.



**Efficient and effective municipal finance management and an Equitable intergovernmental fiscal system through:**

- Lobby National Treasury, Parliament and other stakeholders for an equitable intergovernmental fiscal system
- Review Legislations and policy framework for efficient budgeting, revenue and expenditure management in LG
- Improved financial governance and audit outcomes
- Recognition of a differentiated financial support for municipalities

# GOAL 7

## EFFECTIVE AND EFFICIENT ADMINISTRATION



Through its recent history SALGA as organisation have implemented various initiatives to position the organisation to effective deliver on its mandate. These initiative broadly have sought to ensure that strategy, structure, systems, processes, staff and style of organisation are aligned and functional. Given the significant pressure that will be placed on SALGA to deliver is strategy, it is critical that it has an effective and efficient administration.



This goal encapsulates the various interventions that SALGA will implement to ensure that its administration functions effectively and efficiently. These interventions will cover areas of governance, products and services, performance management, people development and marketing and communication. In particular the goal will also focus on consolidating SALGA as a unitary structure with national footprint. Part of the process of consolidation will include a bolstering of SALGA's financial and organisation viability.

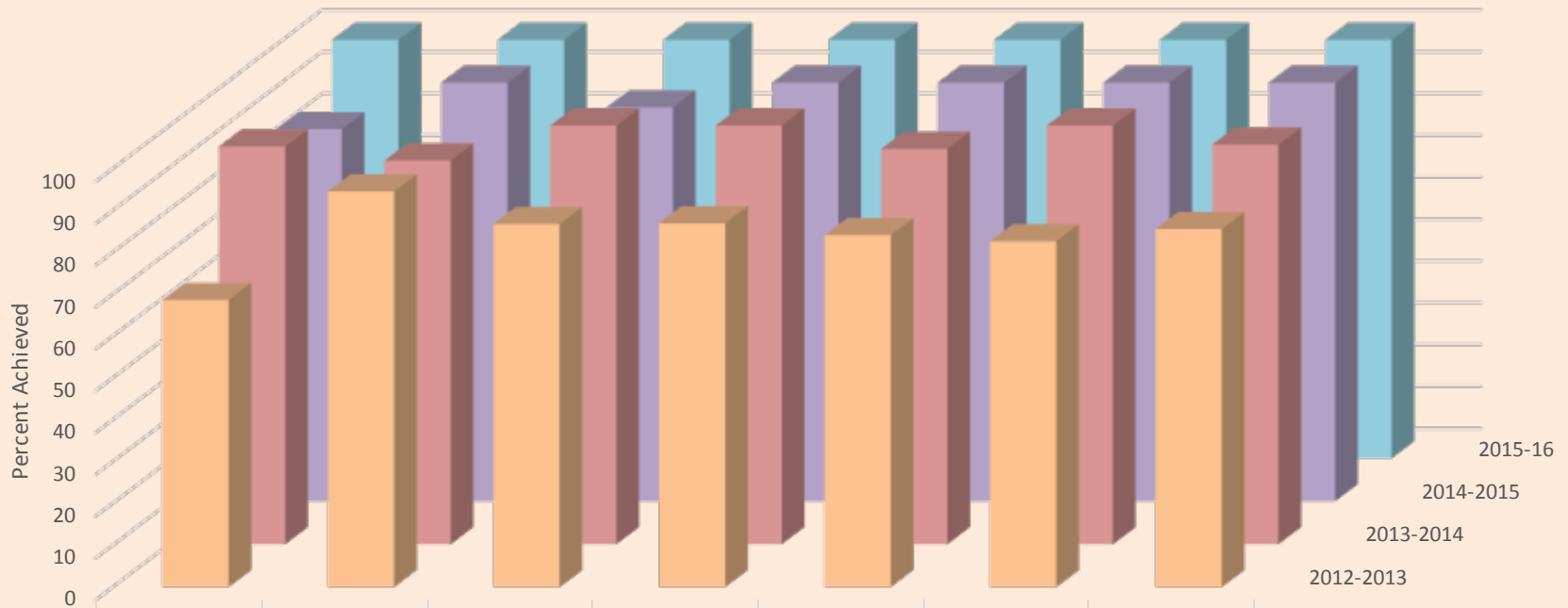


### **Develop SALGA as a centre of excellence**

- Operational excellence model developed and implemented
- Improved stakeholder relations and cooperation
- Marketing and communication plan implemented
- Good Business Governance and knowledge management
- Financial management and sustainability
- Human resources management and building capacity building
- Compliance with legislative environment

# Performance growth per goal

2012-2016 Annual Performance in terms of the Seven Goals



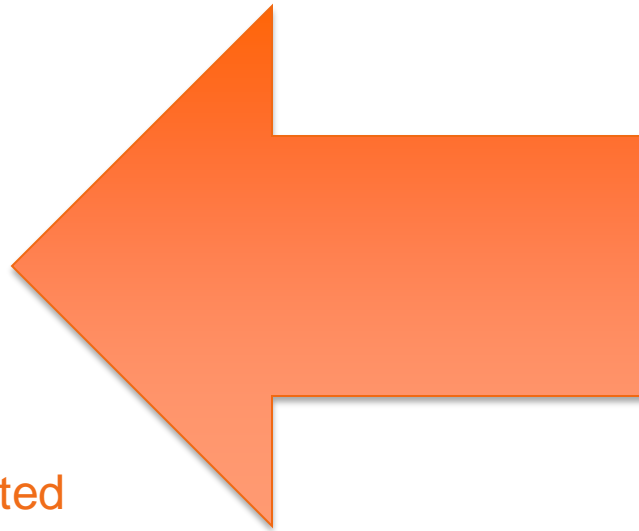
	Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6	Goal 7
2012-2013	69	95	87	87	84	83	86
2013-2014	95	92	100	100	94	100	95
2014-2015	89	100	94	100	100	100	100
2015-16	100	100	100	100	100	100	100



# Transforming Local Government

From the outset, a key mission was to build a system of developmental local government that is:

- Caring
- Accountable
- Responsive
- Innovative
- Participatory
- Capable
- Resilient
- Viable
- Development oriented
- Service delivery oriented
- 



SALGA is expected to play a leading supportive role in the wholesale transformation of local government to be developmentally oriented

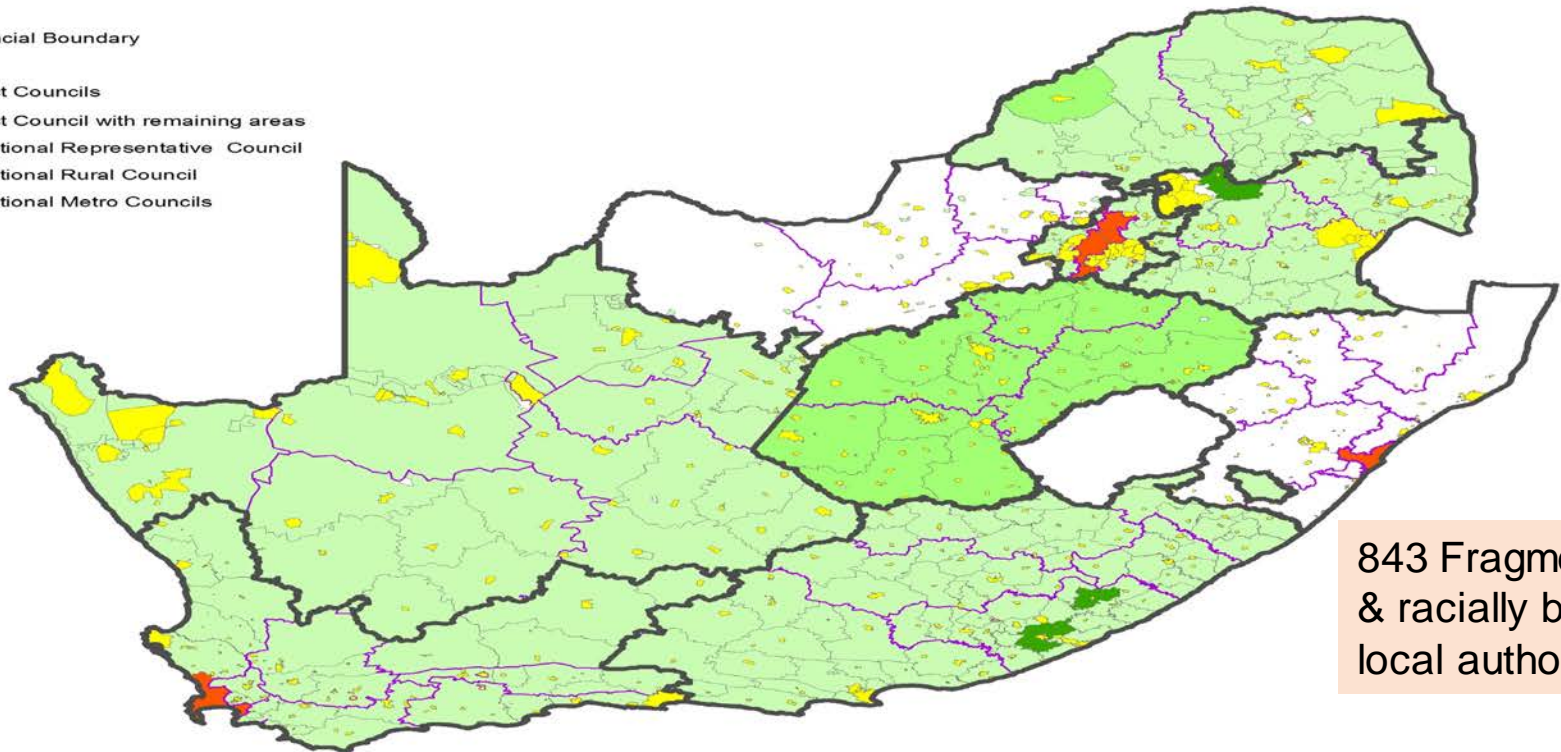
(White Paper 1998)

# **Creating Wall to Wall Local Government (A Demarcation Perspective)**

# Transitional Boundaries (1995 to 2000)

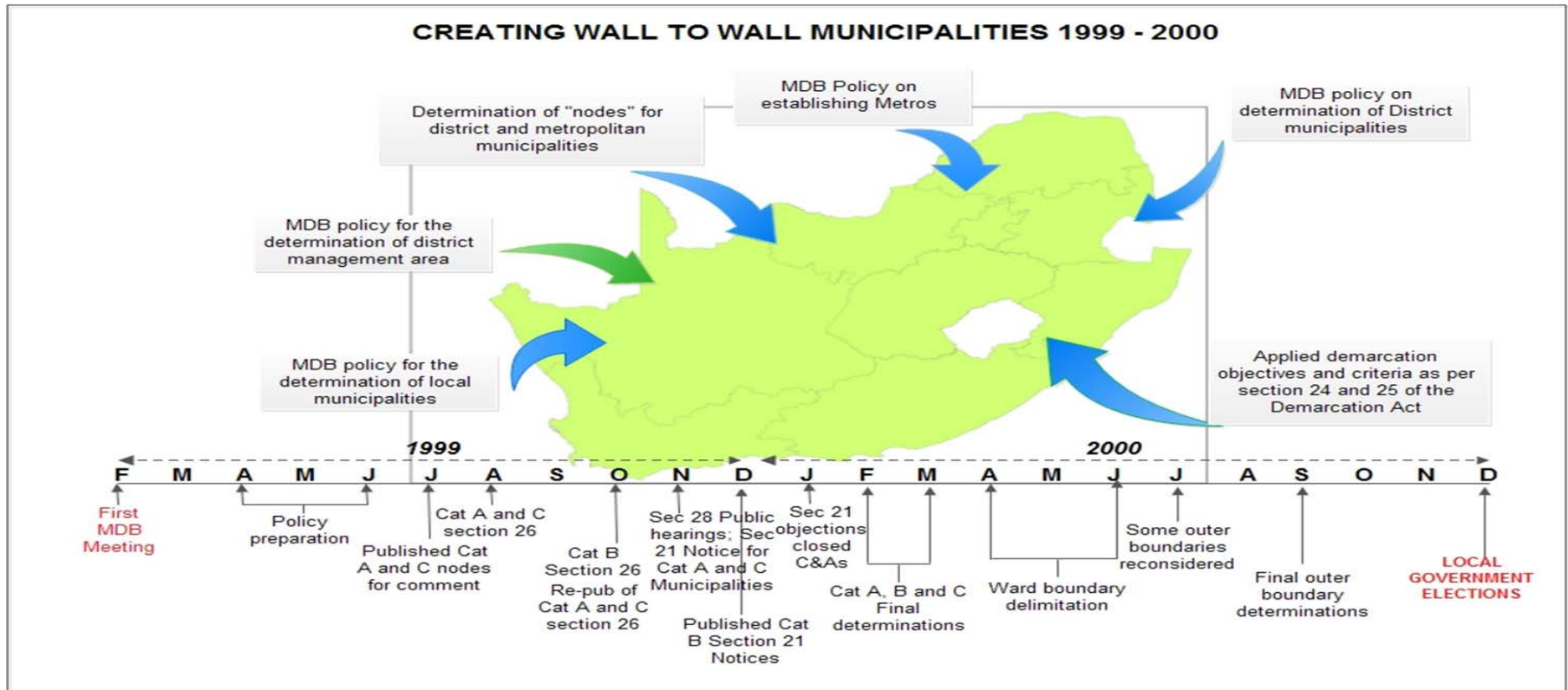
## Legend

- Provincial Boundary
- TLCs
- District Councils
- District Council with remaining areas
- Transitional Representative Council
- Transitional Rural Council
- Transitional Metro Councils



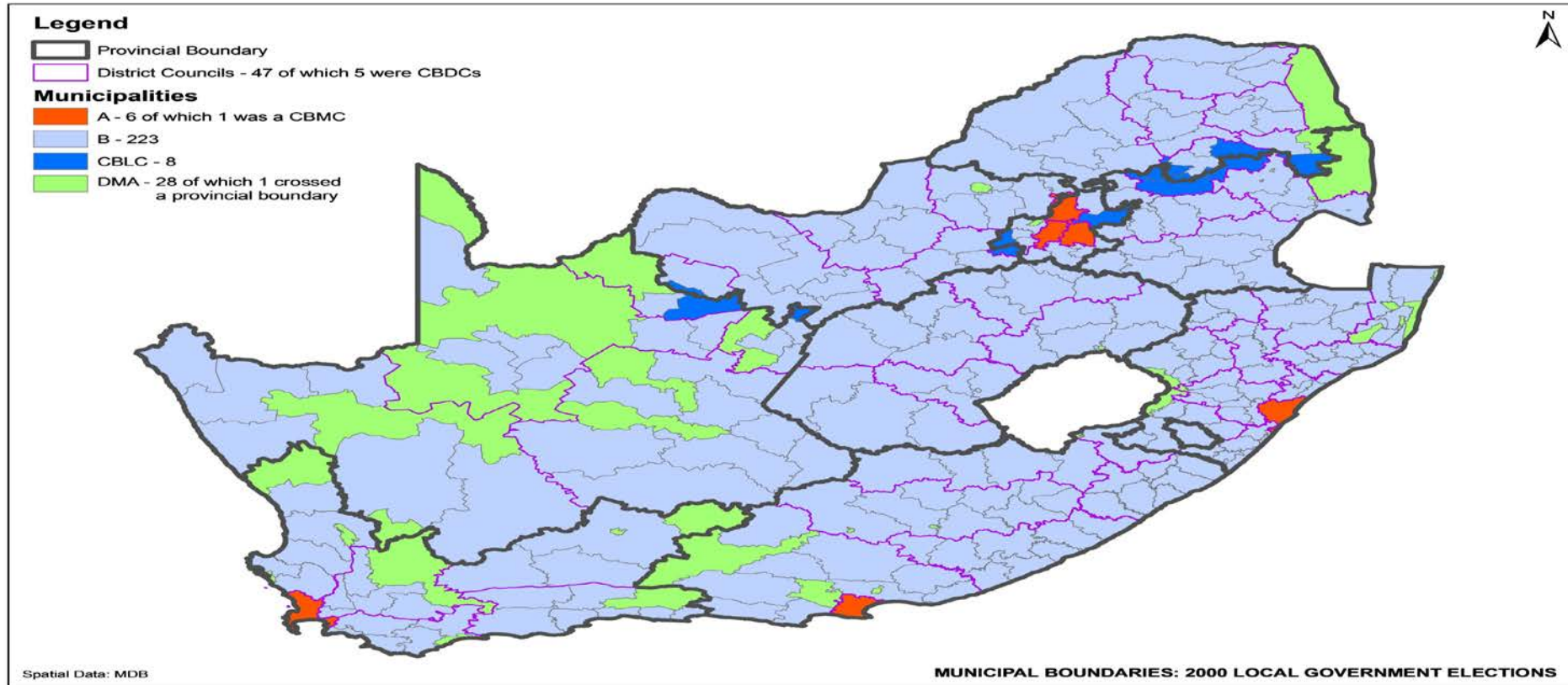
843 Fragmented  
& racially based  
local authorities

# Wall-to-Wall Municipalities 1999 to 2000



- Following hot on the heels of the white paper in 1998 it took less than 24 months to establish the MDB and to completely restructure municipalities thus covering the length and breadth of South Africa
- This fast tracked process was bound to have a few imperfections which have been gradually addressed over time in the last 15 years of democratic local government

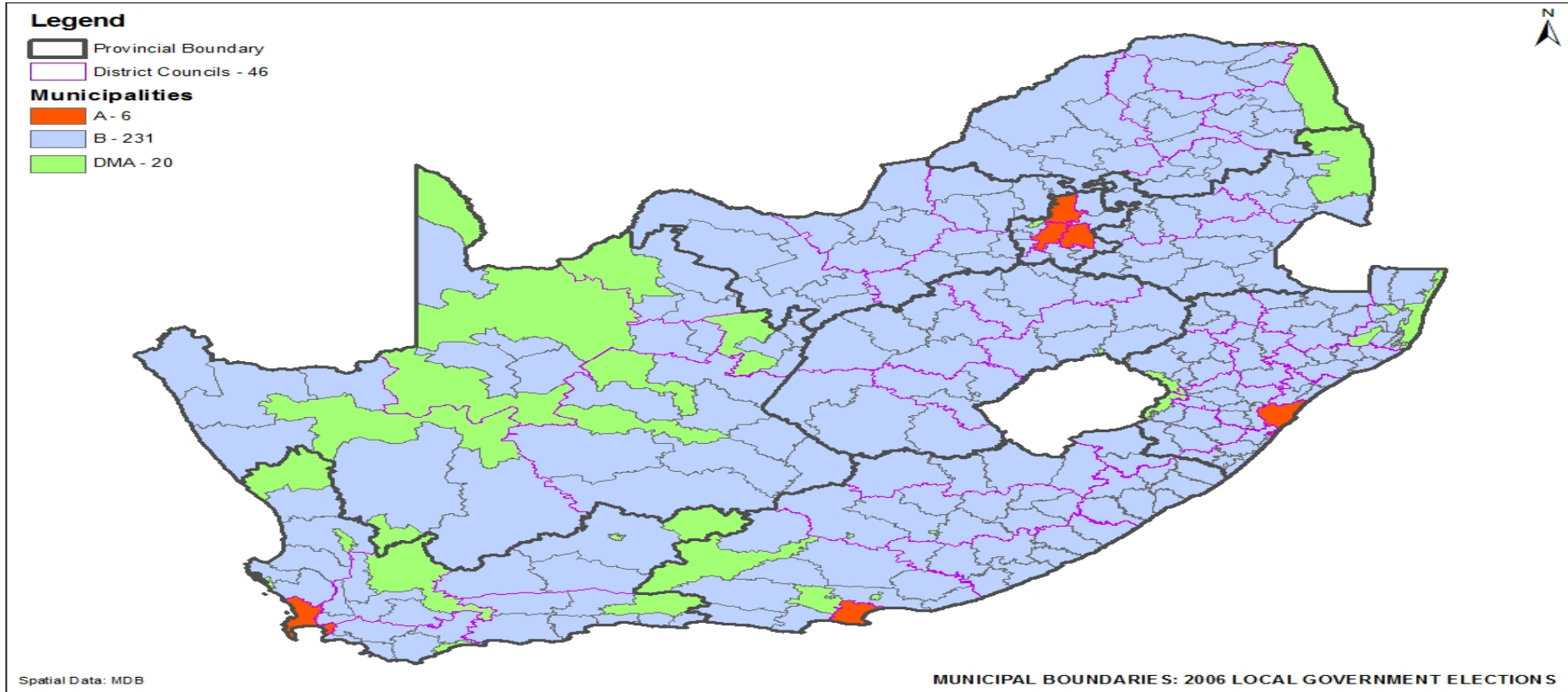
# 2000 – 2006



- The new system of democratic and developmental local government was operationalized with 284 municipalities covering the whole of South Africa
- 8 cross border municipalities of which 1 crossed a provincial boundary
- 28 District Management Areas

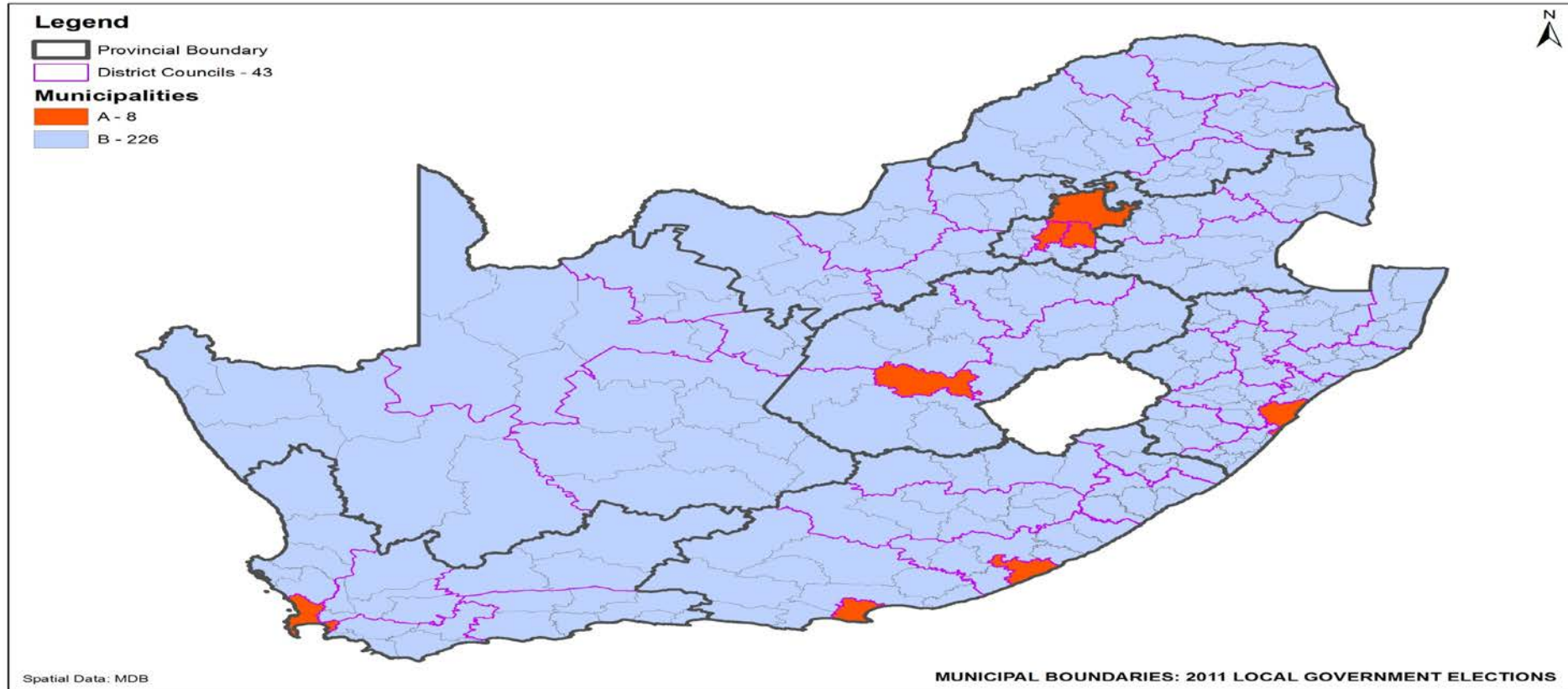


# 2006 – 2011



- Further rationalisation of municipalities and wards
- Municipalities reduced from 284 to 283
- Cross border municipalities are eradicated
- District Management Areas reduced from 28 to 20

# 2011 - 2016



- Further rationalisation of municipalities and wards
- Municipalities reduced from 283 to 278
- District Management Areas are eradicated
- 2 additional metropolitan municipalities are established

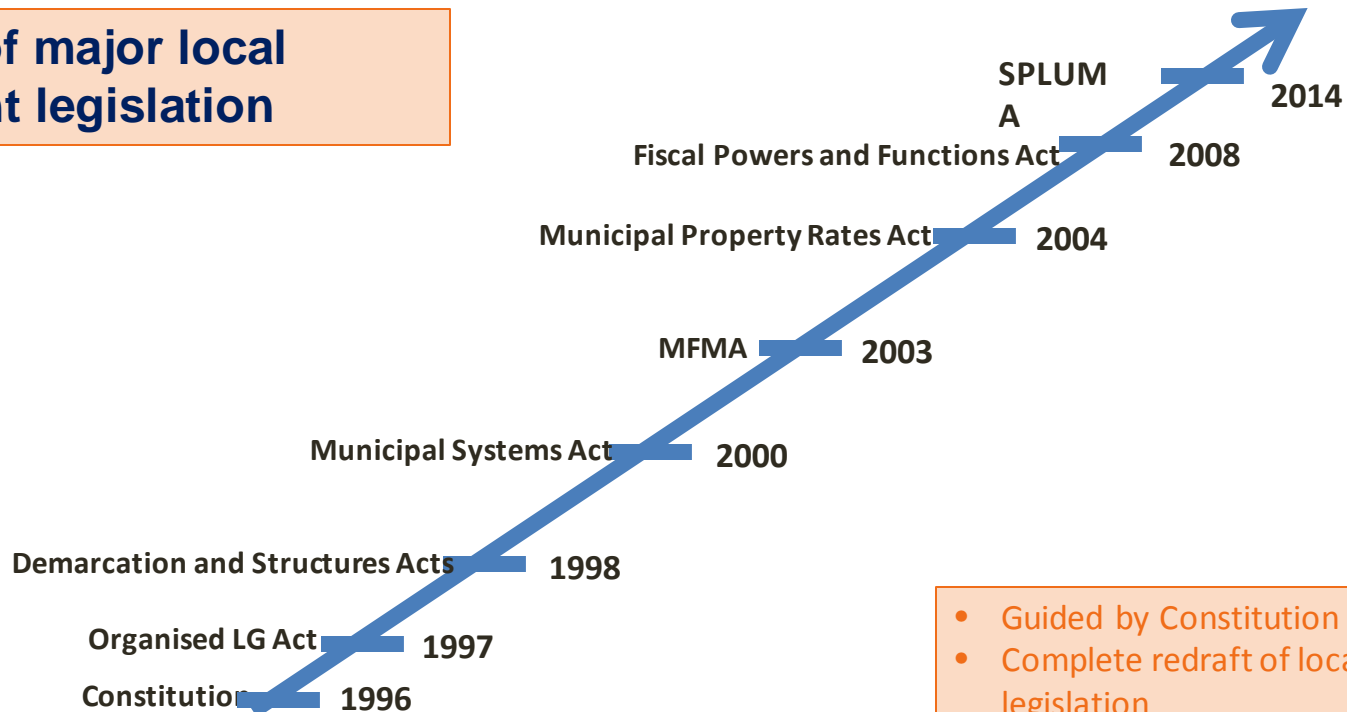


# Transforming the Policy and Regulatory Framework



# Constitutional & Legal Framework

## Overview of major local government legislation



- Guided by Constitution and White Paper
- Complete redraft of local government legislation
- Comprehensive framework rapidly prepared

- The transformation of local government has been a highly protracted and complex project
- The reconstructive phase of local government has not been a restive period as the architecture of the form and type and systems has constantly been adapted and reformed. This came with challenges of instability and no time for bedding down the system and to allow time for measuring its efficiency.



# Managing Urbanisation (Challenges and Opportunities)

# City Governments

The development and growth of cities is important to the economy

- ✿ Cities have been driving growth, generating almost two-thirds of the country's economic activity and just over half of national employment.
- ✿ Cities have also significantly improved their service delivery, and generally have good strategies in place to facilitate economic growth and social development.
- ✿ Cities are, therefore, well positioned to take a leading role in South Africa's economic recovery and development.

# City Governments

But there are issues of exclusion to be concerned about

- ❁ Cities are associated with promise and opportunity, but also exclude many people from participating in the economy and accessing opportunities in various ways.
- ❁ Yet they continue to attract many from rural areas and less prosperous cities, towns and villages in South Africa and beyond.
- ❁ Few arrive with the skills and resources to compete for jobs in the city, and these formal employment opportunities are becoming increasingly scarce.
- ❁ The result is increased poverty, unemployment, overcrowding and social tension.

# City Governments

Cities, like countries, have been growing unsustainably

- ✿ The typical South African city has followed a resource-intensive growth path, and suffers from inefficiencies across sectors such as energy, water, waste, food, and transport.
- ✿ The energy mix is unsustainable, waste disposal sites are fast running out of airspace, freshwater reservoirs are constrained, and greenhouse gas emissions are increasing (mainly from electricity generation and vehicles that run on fossil fuels).
- ✿ Cities have to develop sustainable city growth paths and priorities, and put in place systems to monitor their performance.

# City Governments

Space is also critical to the growth and development of S. African cities

- ✿ Spatial transformation is critical for cities to become more productive, inclusive and sustainable.
- ✿ South African cities are inefficient as a result of the combination of the apartheid legacy & post-1994 developments that continued to locate subsidised housing and poor populations in peripheral areas
- ✿ This affects productivity, results in long and expensive commutes for poor urban residents, and perpetuates neighbourhoods that are separated by race and class.
- ✿ Issues of settlement (land access and housing) and mobility (transport) require short and long-term strategies to address spatial inefficiency and exclusion.

# City Governments

Everyone has a role to play!

- ❁ To engage with the above challenges and opportunities, the how we govern (“governance”) is critical.
- ❁ “Governance” means all actors have a role to play: the three spheres of government, the private sector, knowledge institutions, and civil society.
- ❁ Cities should be financed properly AND improve their revenue collection AND make better use of revenue resources and.
- ❁ Good leadership and management are critical, with special attention to sustainable development and encouraging active citizenship.



# City Governments

## Messages Towards 2016 – 21

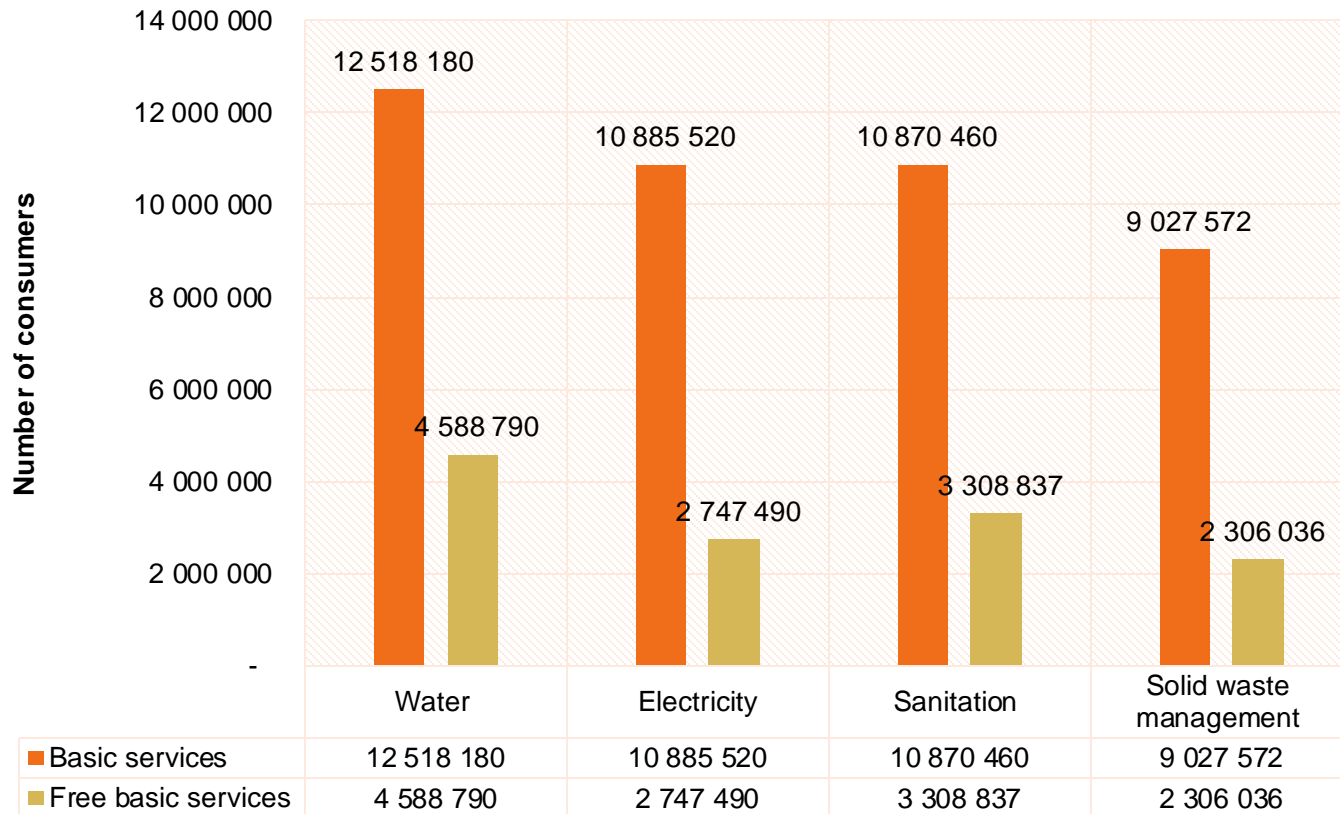
- ☀ Cities have to **Transform**: spatially, economically and socially
- ☀ They have to have the **Resources** to do so (Finances, Skilled people)
- ☀ The necessary **Capability and Accountability** must be ensured (Integrated built environment governance; Strategy and action; Innovation, learning, dynamics; Systems & intelligence)
- ☀ **Institutions and arrangements** should be supporting city performance
- ☀ **Power and governance structures** should reconfigure to enhance the voice and role of local actors (particularly of local government, civil society organisations, business, and knowledge institutions)



# Local government delivering equitable and sustainable services

# Local government delivering equitable and sustainable services

**Number of consumer units receiving basic services and free basic services (2015)**



Local Government has made a huge contribution to ensuring delivery of basic services to the poorest of the poor & to improved dignity & quality of life.

Concerns however remain in certain services in certain geographic areas

Increases in access to services happened against declining revenue. Eg From 2005 to 2014, people paying for water declined from 61.9% to 43,7%

# Households with Access to Electricity for Lighting

Percentage of Households Connected to Electricity Grid (2001-2015)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Western Cape	88	88.5	89.1	90.9	92.5	93.4	96.2	93.6	89.6	87.1	86.6	90.5	89.3	87.6	88
Eastern Cape	50	55.3	57.8	60.4	68	69.5	69.8	66.8	69.7	72.8	76.4	80.4	81.3	83.5	83
Northern Cape	72.4	81.8	79.4	83	88.5	87.7	88.7	87.6	89.6	88.6	91.4	91.9	89.7	90.3	90
Free State	74	85.1	84.3	88	88.5	88.3	87.9	89.7	91.9	92.8	93.8	91.5	91.7	92.1	92
KwaZulu-Natal	62.9	68.9	70.6	73	72.6	74.8	75.8	73.5	75.9	76.9	78.2	79.3	79.9	82.3	82
North West	71.8	81.9	85.4	88.9	84.8	85.5	84.9	80.5	80.9	83.7	86.3	85.3	88.3	87.6	88
Gauteng	80.4	87.1	87.2	88.3	83.4	79	80.4	87.2	86.1	83.6	82.2	84.6	83.6	83.8	84
Mpumalanga	68.9	75.9	81	83.6	81.6	83.2	85.3	82.5	85.8	87	87.6	88.4	89.3	89.8	90
Limpopo	62.9	72.5	75.3	77	82.6	83.4	86.5	81.8	84.3	88	91	90.5	90.3	92.1	92

Totals for 2015 calculated by means of an average rate of change. Modeled data not yet released.

- General improvement in service over time, especially in provinces with former homelands & legacy of huge backlogs
- Eastern Cape increased from 32% access in 1996 to 50% in 2001 and now stands at 83% access
- Limpopo increased from 38% access in 1996 to 63% in 2001 and now stands at 92%
- KZN has also increased by 20% since the dawn of democratic local government

# Households' Access to Sanitation

Percentage of Households with Access to Sanitation (2003-2015)													
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Western Cape	90	92	93	95	95	94	95	97	100	96	95	95	96
Eastern Cape	35	39	47	49	52	55	58	63	76	70	71	78	79
Northern Cape	76	76	79	77	81	76	84	84	96	84	82	84	85
Free State	67	70	70	72	75	76	79	83	97	83	83	84	85
KwaZulu-Natal	57	59	60	63	65	63	69	72	84	67	74	76	77
North West	61	58	55	54	62	58	65	66	91	72	70	67	68
Gauteng	89	90	89	89	88	91	88	91	98	91	90	91	92
Mpumalanga	55	56	48	53	58	54	52	55	88	62	63	64	65
Limpopo	26	35	36	34	37	32	41	41	83	49	50	54	55

- General improvement in service over time, especially in provinces with former homelands & legacy of huge backlogs
- Eastern Cape increased from 34% access in 2002 and now stands at 78% access
- Limpopo increased from 27% access in 2002 and now stands at 54%
- Although huge progress is noted. EC, KZN, NW, Mpu and Limp remain of concern & targeted for collaborative support

# Households Access to Piped Water

Percentage of Households Connected to Piped Water (2001-2015)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Western Cape</b>	98.3	98.9	98.9	99.2	98.5	99.4	98	98.7	99.6	99	100	99	99	99	99.9
<b>Eastern Cape</b>	62.4	56.3	59.5	63.5	68.8	70.4	74.7	70.7	74.7	75	76	79	81	79	79.9
<b>Northern Cape</b>	96.6	92.5	96.2	93.2	95.4	95.3	94.7	90.5	96	94	96	96	93	96	96.9
<b>Free State</b>	95.7	95.6	97.2	95	97	97.4	96.3	97.6	95	97	97	97	96	95	95.9
<b>KwaZulu-Natal</b>	73.2	75.8	78.5	79.6	81.7	81.3	83.2	82	84	84	84	87	86	87	87.9
<b>North West</b>	86.2	85.7	90.4	88.5	87.1	90.7	89.6	90	88	91	91	91	88	87	87.9
<b>Gauteng</b>	97.5	98.6	98.9	98.8	98	98	97.2	97	98	97	98	97	96	96	96.9
<b>Mpumalanga</b>	86.7	90.6	91.5	88.2	89.9	88.9	88.4	88	87	88	88	88	87	87	87.9
<b>Limpopo</b>	78	73.9	79.1	75.4	77.7	80.6	83.4	83	81	84	83	80	78	80	80.9

Totals for 2015 calculated by means of an average rate of change. Modeled data not yet released.

- General improvement in service over time, especially in provinces with former homelands & legacy of huge backlogs
- Eastern Cape increased from 54% access in 1996 to 56% in 2002 and now stands at 79% access
- KZN increased from 66% access in 1996 to 73% in 2001 and now stands at 87% access
- Limpopo has drought conditions which has reversed some of the gains in bulk water reticulation extension.

# Households Access to Refuse Removal

National Percentage of Households with Weekly Refuse Removal (2001-2014)														
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Removed once per week by	57	59	58	61	62	62	60	59	59	62	62	64	64	65
Own refuse dump	32	34	32	30	28	29	31	32	30	30	30	29	28	29

Nationally, these figures are available but not for rural municipalities for whom this function is impractical to provide due to costs of equipment and distances that need to be travelled. However, over time, the number of households using their own dumps has gradually decreased indicating an upwards capacity shift.

# Local government delivering equitable and sustainable services

Deepening understanding on complexities of **delivering basic services** vs the **costs of delivering** these services

- SALGA together with the Financial and Fiscal Commission (FFC) has conducted a major study into the **costs of municipal services**. Apart from the findings being utilised to influence equitable share allocations, they will be used to support municipalities to improve their budgeting, tariff setting and strategic planning for infrastructure and levels of service



# Cost of Services Findings: Capital Side

- Providing services to new households has huge implications for capital and operational expenditure
- New households are forming every year - estimated that between 2015 and 2018 there will be 817 000 new poor households (more than the combined total number of households of Nelson Mandela Bay, Buffalo City and Mangaung)
- By 2018 the annual capital funding requirement for basic services is estimated to be in the order of R 45.2 billion. Of this amount, 46% or R20.8 billion will be needed for the renewal of infrastructure
- Approximately 45% of new poor households between 2015 and 2018 will be in metro areas.

# Cost of Services Findings: Operations, Maintenance & Admin Costs

- The study supports the view that the local government equitable share is insufficient to cover the real costs of free basic services for poor households
- Service provision to poor households is estimated at over R81 billion per annum.
- R 39.5 billion of this amount is the funding to provide real services such as buying and supplying potable water and electricity, collecting and disposing of refuse, and providing fire response services
- R41.8 billion is for the annual administrative costs to provide services to the poor

## Cost of services policy recommendations

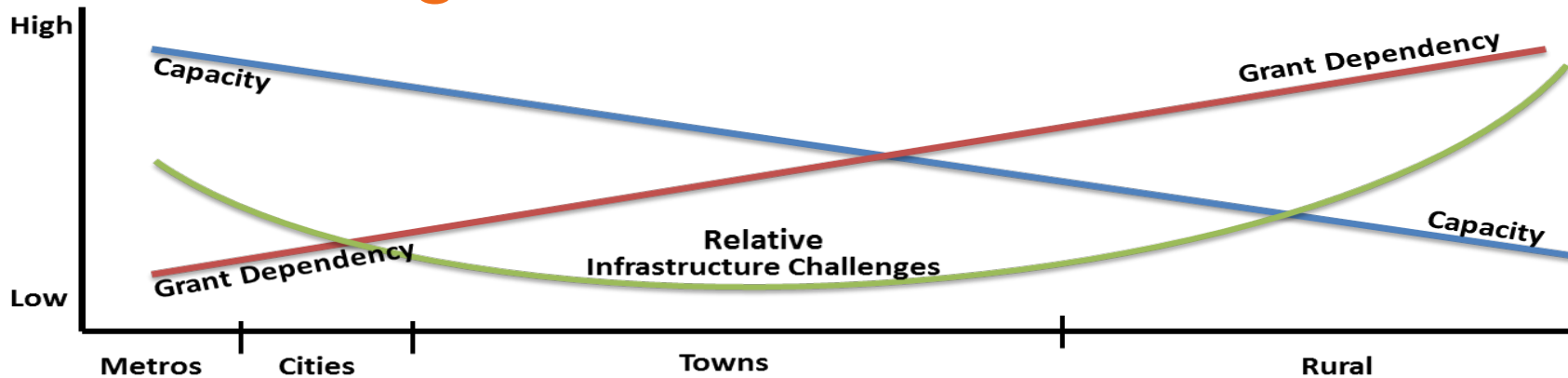
- Investigate the development of norms and standards to address the current unhealthy ratio of administrative costs to service delivery provision costs
- Spatial optimisation should be investigated as a way to address the high capital spending on roads
- Municipalities must prioritise the renewal of municipal infrastructure

# Local government delivering equitable and sustainable services



- SALGA continued its partnership with the FFC, COGTA and National Treasury in the **review of the local government infrastructure grants** and the implementation of recommendations emerging from the review. The Review has revealed a range of weaknesses within the grant system, and prompted new debates about long-standing issues with grants.
- The following successes have been achieved thus far:
  - Merging of two cities public transport grants into a consolidated Public Transport Network Grant.
  - Provision for refurbishment projects within the Municipal Infrastructure Grant (MIG) which addresses concerns over asset management
  - Consolidation of water grants into just 2 grants with enhanced differentiation and integration with other grants
  - Inclusion of maintenance for roads within MIG
  - Improved targeting of community services funding (relaxation of 15% on sports)
  - Move towards greater differentiation for secondary cities, by amalgamating infrastructure grants to better-capacitated municipalities

# Long-Term Differentiated Vision



A municipality's context (or performance) should determine its grant system

**Consolidated Urban Grant**  
(limited conditionality, supplements capital budget)

**RBIG**

**INEP**

**MIG**

(allow municipal discretion, coordination with sectors, and emphasis on asset management)

Metros Cities

Towns

Rural

# Local government delivering equitable and sustainable services

## Strengthening the Service Authority function for municipal services (bylaws, sector plans, infrastructure development, service provision institutional arrangements, local regulation):

- A survey was conducted to determine the status quo for the **service authority function** for the Electricity, Roads and Transport, Waste Management and Water Services sectors. Results illustrate:
  - The maturity of the authority function for water services and waste management,
  - But support is required for the roads and transport, electricity, human settlements and environmental management functions.
- A support programme is being developed and implemented in consultation with the relevant sector departments.

# Local government delivering equitable and sustainable services

## Municipalities and Eskom Service Operations: Challenges and Opportunities

### The current dispensation is subversive of:

- the right of municipalities to administer the trading and distribution of electricity (electricity reticulation) within the Eskom supply area,
- A Municipality's right to govern, on its own initiative, LG affairs of its community;
- an object of local government, namely to ensure that provision of services to communities is done in a sustainable manner;
- Municipal credit control action in Eskom Areas of Electricity Supply
- the implicit constitutional power of municipalities to charge fees for an electricity service
- the municipality's constitutionally entrenched fiscal power to impose surcharges on fees for electricity reticulation services rendered on behalf of the municipality.
- In the current dispensation there is no SDA between Eskom and Municipalities which undermines amongst other issues undermines revenue collection

### It must be recognised that:

- Municipalities have a duty to give effect to the provisions of the Constitution (s73) by: Rendering services through an internal mechanism or an external mechanism (s76 a & b of Systems Act).
- To render a service through an external mechanism (such as Eskom), a service delivery agreement (SDA) must be signed with the service provider (Eskom), to regulate the relationship between Service Authority and Service Provider
- SALGA continues to engage NERSA and ESKOM concerning wrt SDAs to enable credit control and surcharges and thus improve revenue collection. This resulted in a NERSA consultation process

# Local government delivering equitable and sustainable services

## SALGA engaging Eskom on the SDA issue

- Several IGR engagements by SALGA with NERSA, Eskom, COGTA, NT, DPE, DOE over the past 5 years and beyond – No mutual agreement – despite an MoU signed between SALGA and Eskom to reach mutual agreements on the SDA
- 2016 SALGA consulted Metros where mandate was given to declare an IGR dispute with ESKOM and to take matter to ConCourt if not addressed
- September Budget Forum notified of the intention to declare the IGR dispute



# PUBLIC TRANSPORTATION

## Transportation Challenges

- Public transport provision in municipalities especially around the provision of rail services by PRASA and linkages with municipal plans is very poor
- Limited public transport services in rural areas
- No norms and standards for implementing integrated public transport networks in the 12 plus one cities
- Devolution of the public transport function to LG is very slow
  - Municipal Regulating Entity function
  - Bus contracts
  - Rail

## Policy Proposals

- Norms and standards for implementing integrated public transport networks in the 12 plus one cities need to be developed
- Devolve the public transport function to municipalities – this will go a long way towards spatial transformation (White paper, 1996 and the NLTA, 2009)
- Advocate for more funding and planning of public transport plans, infrastructure and facilities in areas outside the 12 plus one cities
- Fund and roll out the rural transport strategy
- Improved coordination of public transport in municipalities with PRASA operations

# Sustainable Human Settlements: Achievements and Future Plans

## 1. *Lobbying and advocacy on housing accreditation and assignment*

- HS planning and implementation requires close coordination with delivery of basic services which are already LG responsibility: water, electricity, and sanitation.
  - **Housing devolution is therefore not only critical to improving performance in HS sector; but will contribute to better outcomes in relation to managing urbanisation, containing sprawl and effecting spatial transformation.**
  - **When assignment of housing function to 6 metros was put in abeyance in 2014, SALGA continued to lobby and advocate for decentralization despite shift in policy direction.**
- SALGA position is that housing function must be devolved:
  1. To better capacitated municipalities on a **progressive, incremental basis**
  2. With **targeted support by natl and prov govt to build capacity of LG**, with natl and prov spheres held accountable for the support they must provide
  3. As part of a **broad devolution strategy** with a long term, coherent vision of empowering local government to exercise its developmental mandate

# Sustainable Human Settlements: Achievements and Future Plans

## *2. Improving the fiscal framework to empower metros to direct resources for spatial transformation and human settlements development as they see fit*

- As result of SALGA lobbying and advocacy, NDHS finally **released Municipal Human Settlements Grant (MHSCG)** in a single lump sum in Oct 2014, after extensive delay in contravention of DORA.
- This year we are providing technical assistance and peer learning platforms to assist metros to **improve expenditure rates on Urban Settlements Development Grant (USDG)**.
- Continue to lobby to **protect integrity of the USDG** as a grant which gives metros discretion to support their capital programme as they see fit, without direct interference/approval from prov depts

# Sustainable Human Settlements: Achievements and Future Plans

## ***3. Tackling other key 'hot button' issues related to housing at local level***

- Lobbying for a more enabling policy and legal framework for municipalities to manage **unauthorised land occupation and evictions**
  - Including pushing for changes to the **PIE Act**, and providing general legal advice to municipalities on the evolving jurisprudence
- Conducted extensive consultation with all municipalities on draft national policy to reform the **housing waiting lists and beneficiary selection processes** and successfully lobbied NDHS to incorporate changes.
- Worked closely with NDHS to develop a new policy to enable municipalities to provide additional service connections for **backyard dwellers**, which is key component of SALGA's broader municipal strategy for backyard rentals.

***On each of these issues, we have organised and engaged the metros to better understand their unique challenges and to create a unified position.***

- ***Next month, we will convene first caucus of MMCs for Human Settlements in Metros.***

# Goal 2:

**Safe and healthy environment and communities**

# Safe and healthy environment and communities

- Through Municipal Infrastructure Grant (MIG) municipalities can now not only build sports facilities but also **upgrade facilities to develop all sporting codes**
  - Grant also allows for those areas who have limited resources to have modern facilities where women, children and people with disabilities can access
- In June 2012 the LG Climate Change Champions Committee (LGCCC) developed a Programme of Action spanning a period from 2012 to 2016
  - Many municipalities have since incorporated **environmental sustainability and mitigation** into their Integrated Development Plans
  - As a signatory to the **2015 Paris Accord on Climate Change**, the appreciation of this effort has certainly intensified during this term

# Safe and healthy environment and communities

- **Disaster Management Amendment Bill (now Act)**

SALGA asserts that, there is need for consideration of the financial implication for the implementation of the Disaster Management Amendment Bill (which is now vetted by the President). As such, consult with the National Treasury on how to make the funding for implementation of the Amendment Act by municipalities possible and practical.

# Safe and healthy environment and communities

## Draft White Paper on the Police

- SALGA made inputs in 2015 for the improvement of the then Draft White Paper of Policing.
- These inputs were effected into the Draft through the facilitation of the Civilian Secretariat for Police (CSP).
- The Draft White Paper was approved by Parliament on April 2016.

## Challenges with the draft

- having a very narrow view of “local policing”. SALGA raised a concern that neither the existence nor the role of the municipality in policing was recognised in the Draft. Therefore existing structures such as ward committees, which may include the Community Policing Forum (CPF), were not recognised and dealt with.
- not providing for the alignment of police sector plans to that of the Integrated Development Plans (IDP) of the municipality.
- the discussion of the needs of the community, including those of vulnerable groups, however it does not mention the alignment of these plans with the IDP.
- at odds with the White Paper on Local Government, which provides that a “one size fits all” approach to the establishment of liveable cities, towns and rural areas, which will include elements of combating crime, is not preferable in municipal spaces.
- proposing a take-over of “operational command” of the metro police or the policing functions of a municipality, while vesting the administrative control in the municipality, would not meet the requirements of the Constitution.



# SALGA's Policy Position



## Community Policing

- Street committees must be located within the CPFs and should not be seen as a parallel or substitute structure to CPFs.
- Safety programmes must be put firmly on the agenda at local level and the introduction of the CSF approach aims to facilitate the establishment of appropriate capacity at local level to serve as a coordinating structure.
- Optimal coordination, while respecting the powers and responsibilities assigned to each sphere, is imperative.
- The model of integrated policing does not advocate usurping the powers and functions of municipalities through the wholesale integration of Metropolitan Police Services into the SAPS. Rather, it is geared toward ensuring the overall operational command of the service, deepen effective oversight of the MPS.
- The model will further clarify the ambiguity surrounding the crime prevention mandate of the MPS...MPS can effectively contribute to visible policing and are in a position to observe violations of by-laws and petty and other crimes.

## Metro Police

- The attainment of Vision 2030 requires policy coherence and programmatic alignment across the three spheres of government. Optimal coordination, while respecting the powers and responsibilities assigned to each sphere, is imperative”.
- “This model of integrated policing does not advocate usurping the powers and functions of municipalities through the wholesale integration of Metropolitan Police Services into the SAPS. Rather, it is geared toward ensuring the overall operational command of the service, deepen effective oversight of the MPS and enable an optimal utilisation of public resources”.
- “This model will further clarify the ambiguity surrounding the crime prevention mandate of the MPs. MPs are well placed at municipal level to proactively address crimes through the rigorous enforcement of their other two mandates - traffic enforcement and by-law enforcement. By ensuring that traffic laws and by-laws are observed, MPs will contribute to instilling a culture of lawfulness. In this way MPs can effectively contribute to visible policing and are in a position to observe violations of by-laws and petty and other crimes.”

# Goal 3:

**Planning and socio-economic development at  
local government level**

# Planning and socio-economic development at local government level



- SALGA provided support to municipalities to ensure that they meet the key readiness indicators to implement the Spatial Planning and Land Use Management Act that became operational on 1 July 2015.
- SALGA was involved in engagements with the Department of Trade and Industry for the review of the National Building Regulations and Standards Act to ensure consistency with the Spatial Planning and Land Use Management Act in order to entrench municipal planning as a competency of municipalities.
- SALGA also convened the first series of dialogues on how municipalities can mainstream the objectives of the National Development Plan into their integrated development planning processes. The series of dialogues that will continue into the next financial year will culminate into a lobbying position for the review of the framework for formulating and assessing Integrated Development Plans to ensure alignment with the National Development Plan.

# Planning and socio-economic development at local government level

The inaugural SALGA Small Towns Conference was successfully hosted on 22 and 23 October 2015 in Mangaung, to create a platform for key stakeholders to shape the agenda of revitalising small towns as well as share lessons and good practice in STR

- SALGA is now rolling out the STR programme by focusing on 4 key areas, chief among which is to assist municipalities to mainstream regeneration in their IDPs and ensure that key stakeholders across small towns typologies play a meaningful role in the revitalization

A total of 18 pilot towns for the roll out of the Small Town Regeneration (STR) programme were identified and a standard baseline report for STR inception was developed focusing on the four towns.

- Assessment of the “state of economy” of each town was conducted & baseline report developed



# Goal 4:

**Effective, responsive and accountable local  
governance to communities**

# Effective, responsive and accountable local governance to communities



- On oversight, accountability and good governance, SALGA played a fundamental role in establishing and building the capacity of **MPACs**
  - By 2015 all provinces had MPACs, with SALGA providing capacity support to MPAC members

Province	No. of Munics	Munics with MPAC's		Munics with Audit Committees		Munics with Internal Audit Units	
		No.	%	No.	%	No.	%
EC	45	45	100%	45	100%	45	100%
FS	24	24	100%	24	100%	24	100%
GP	12	12	100%	12	100%	12	100%
KZN	61	61	100%	61	100%	61	100%
LP	30	30	100%	30	100%	30	100%
MP	21	21	100%	21	100%	21	100%
NW	23	23	100%	23	100%	23	100%
NC	32	32	100%	32	100%	32	100%
WC	30	30	100%	30	100%	30	100%
<b>National</b>	<b>278</b>	<b>278</b>	<b>100%</b>	<b>278</b>	<b>100%</b>	<b>278</b>	<b>100%</b>
The key challenge is now building the capacity of the oversight structures and ensuring their full functionality							



# Leading the fight against corruption and mal-administration

SALGA  
Launched  
a LG Anti-  
Corruption  
Strategy in  
2013



All municipalities pledge  
to root out corruption &  
maladministration



# Anti-corruption Summit Resolutions

1. Intensify the fight to collectively combat all forms of fraud, corruption and maladministration, including a revised Anti-Corruption Strategy for Local Government;
2. Profile good practices and improving public education about our successes and measures in place to fight corruption and maladministration;
3. Strengthen our institutional mechanisms and processes, including the use of information technology, to minimise the opportunities for corruption and maladministration;
4. Strengthening our oversight capability to be robust and resilient to withstand the forces of corruption and maladministration;
5. Intensify the support to municipalities in the appointment of qualified and skilled officials and continue to improve the skills and capacity of councillors and officials;
6. Strengthen local government communication and increase the participation of communities in the governance processes of municipalities;



# Accountability and Consequence

SALGA adopted a consequences and accountability framework

2013/14 MFMA Audit by AG indicates that over 50% of municipalities now have effective accountability & consequences mechanisms thus confirming efficacy of the framework

Extensive reporting is now emerging in the media on munics taking a stance and implementing their

## Council 4 bust for 'rigged' tender

**EX-OFFICIALS FACE R6m FRAUD CHARGE**

Four council members and two ex-officials of the West Coast District Municipality (WCDM) have been charged with fraud in connection with a tender for the construction of a road. The charges relate to the alleged manipulation of the tender process to award the contract to a company owned by one of the council members.



**IN COURT:** Thopi Mphahlele, former municipal manager, is charged with fraud in connection with a tender for the construction of a road.

**DATE: WEDNESDAY 22 APRIL @ 10h30**  
VENUE: 33 STELLING ROAD - ROSMOSDAL - SAMARAK

**5 x 40KVA**  
SPLIT PHASE  
TILE BORDERS  
10 000 ASSORTED  
WOODWORKING & ENGINEERING & OTHER

**200+ DAYS OF INDUSTRIAL / LIGHT WEIGHT SHELVING**  
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## Whistle-blower fights his suspension in court

**NALDWIN IDAKA**

A ROAD and Transport Department chief has taken his boss to court to fight his suspension for allegedly mismanaging a tender. The department had failed to give him as much as a pre-suspension hearing, he said.

Ms Mphahlele said she was not given a pre-suspension hearing and that the department had failed to give him as much as a pre-suspension hearing, he said. He is currently on a pre-suspension basis and is fighting the suspension in court.

## Officials will be held accountable

**No performance bonuses will be paid unless merited**

The provincial Department of Infrastructure and Transport (IDT) has announced that officials will be held accountable for their performance. The department has decided to stop paying performance bonuses to officials unless they are merited.

## ANC city councillor accused of corruption, nepotism

**KENNEDY MURDUI**

A CITY councillor has been accused of corruption and nepotism. The councillor is alleged to have used his position to award contracts to his family members and to other people connected to him.

**INCREASES**

Annual increase in the public sector	R1 350	R1 410
Annual increase in the private sector	R1 370	R1 430
Annual increase in the total economy	R1 370	R1 430
Annual increase in the government budget	R1 350	R1 410

**FACTOR R360**

**NEW EMPLOYMENT OPPORTUNITIES**

**R1 350 - R1 410**

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**FACTOR R360**

**NEW EMPLOYMENT OPPORTUNITIES**

**R1 350 - R1 410**



# COUNCILLOR SUPPORT (GAINS MADE SINCE 2011)

## Upper Limits Notices

- **Recognition of Chairpersons of Section 79 Committees** for designation as full-time and part-time councillors;
- **Deleting the inclusion of running and maintenance costs incurred on official business** - claim for a reimbursement in respect of all kilometres travelled on official business;
- **Amending the travel benefits of appointed councillors** (councillors appointed to the district municipality) by including reimbursement of travel expenditure incurred for attending meetings of the district councils;
- **Deletion of the provision for the Section 8(1) (d) allowance;**



# COUNCILLOR SUPPORT (GAINS MADE SINCE 2011)

- Formalisation of the **inclusion and subsequent removal of Mayoral residence** as a housing benefit for Executive Mayors/Mayors;
- Inclusion of **double travel benefit** for Speakers and Deputy Mayors/Deputy Executive Mayors;
- Inclusion of new definition for tools of trade and **introducing a set of tools of trade** for Councillors;
- Introducing **risk benefits and alternative accommodation** to councillors as cover for any material damages as a direct result of service delivery protests or public riots;
- Life and disability cover;
- Capacity building improved.

# SALGA in Parliament



Over the past 5 yrs SALGA has strengthened participation in parliament.

- SALGA inducted and deployed its 9 reps in the NCOP and capacitated them to participate in all relevant NCOP activities.
- In 2015 the NCOP in collaboration with SALGA held the 3rd Local Government Week
- SALGA continued engagements with parliament and its various committees
- Extending cooperation and participation to provincial legislatures



SALGA developed a regulatory impact assessment tool, which will be used to:

- Analyse new policy and legislation affecting LG
- Input on regulatory impact assessment led by former President Motlanthe

# Goal 5:

**Human capital development in local government**

# Minimum Competencies for Senior Managers

- SALGA fully supports the professionalisation of local government and encourages all its members to only appoint duly qualified and capable municipal managers and senior managers
  - However, the dual and in certain instances conflicting competency requirements set by COGTA and National Treasury respectively pose a challenge for the successful implementation thereof
  - SALGA is of the view that a single comprehensive set of competency requirements needs to be developed by COGTA and National Treasury
- On the National Treasury competencies, the following must be addressed:
  - There is no provision for the recognition of prior learning or experience
  - It excludes new entrants to the sector as it is a prerequisite for appointment – SALGA proposes that it should be a requirement that the qualifications need to be obtained within 18 months from appointment to ensure new entrants
  - The current regulations requires unit standards to be completed, thus it constitute a qualification requirement not competency requirements
- MECs for Local Government / COGHSTA cannot enforce NT requirements

# Human capital development in local government

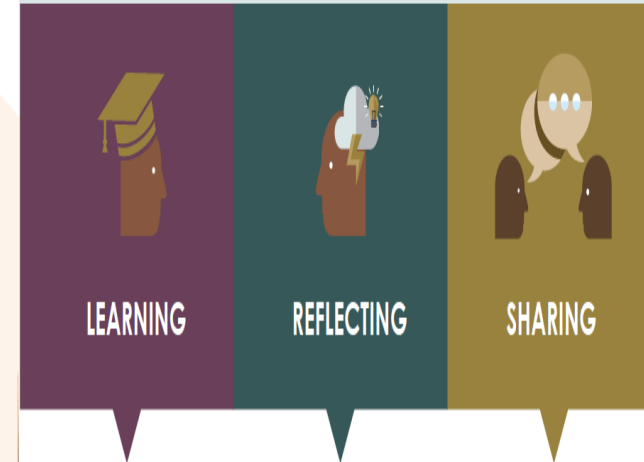
Implemented Phase 2 of the SALGA Centre for Leadership and Governance:

Through the SALGA Centre for Leadership and Development municipal leaders will drive a development agenda through active reflection and thought leadership in the sector. The medium to long term implementation of coherent learning and knowledge programmes through the SALGA Centre for Leadership and Governance should result in:

- Improved audit reports from the Auditor General
- Enhance evidence based decision making at a local level

FINANCIAL YEAR	NUMBER OF CLLRS TRAINED	NUMBER OF OFFICIALS TRAINED
2012/13	8000 (CIP induction) 7000 (portfolio based train)	3 212
2013/14	4028	4 520
2014/15	897	252
2015/16	3 445	291
<b>TOTAL</b>	<b>23 370</b>	<b>8 275</b>

## SALGA CENTRE FOR LEADERSHIP AND GOVERNANCE





# TRAINING REPORT FROM 2011-2016

CAPACITY BUILDING PROGRAMME	Eastern Cape	Free State	Gauteng	KwaZulu Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	TOTAL
Councillor Induction Programme (CIP)	1129	857	1265	1801	1570	756	431	628	612	<b>9049</b>
Councillor Development Programme (CDP)	561	179	396	660	400	391	135	246	58	<b>3026</b>
Senior Managers Induction (SMIP)	84	120	179	120	78	89	58	50	50	<b>828</b>
Executive Leadership management and Development Programme	0	0	177	70	109	0	0	0	0	<b>356</b>
Back to Basics Leadership Development (LDW)	233	0	0	96	0	54	0	132	0	<b>515</b>
Local Democracy and Local Government Learning Programme (LODLOG)	3	2	0	2	5	2	6	0	0	<b>20</b>
Gender Mainstreaming and Local Governance (GEMLOG)	0		0	0	0	0	13	0	12	<b>25</b>
Job Evaluation Unit Members Trained	124	91	95	63	74	55	46	61	62	<b>671</b>

## ADDITIONAL PROGRAMMES

Programme	Local Labour Forum Training	Municipal Public Accounts Committee Training (MPAC)	Masters Programme in Infrastructure Management (MPIM)
TOTAL	123	14	40

# ACADEMIC AND SHORT LEARNING PROGRAMMES REPORT FROM 2011-2016



INSTITUTION NAME	NUMBER OF COUNCILLORS TRAINED	PROGRAMMES DELIVERED		
University of North West	116	Emerging Management in Municipal Governance		
		Advanced Management in Municipal Governance		
		BA Development and Management: Municipal Management and Leadership		
		Middle Management in Municipal Governance SLP MMPOT02		
Tshwane University of Technology	58	Public Sector Project Management and Leadership		
		Public Management Skills		
		International Certificate in Computer Studies		
		Executive Leadership Development Programme for Municipal Political Functionaries/Senior Management		
Rhodes University	5	Project management		
		People Management		
		Strategic Management		
		Tools for sustainability		
WITS	151	Certificate Programme In Management and Development in Municipal Finance NQF 6		
		Advanced Certificate Programme in Management and Development in Municipal Finance - NQF 7		
		Building Leadership in Regional Economic Development		
		Leadership in Local Government - Building Globally Competitive Cities		
		Innovations in Public Employment Programmes		
		Leading in Public Transport for Spatial Transformation		
		Expenditure Reviews_ Transport and Human Settlements		
		Collaborative Leadership for Regional Economic Development		
		Integrating Public Transport: Rethinking the role of the minibus taxi industry		
		Human Settlement Policy Workshop		
		The Role of Public Policy in Private Sector Development		
		University of Cape Town	191	Building Leadership in Regional Economic Development - Western Cape
<b>TOTAL TRAINED</b>	<b>521</b>			

# Senior Manager's Induction Programme

Municipal Managers engage with one another at various SMIP workshops in a combined process of structured training as well as peer learning





# Municipal Managers Forum



## Municipal Managers Forum 2014



**M**unicipal Managers Forum 2014 was held in Durban, South Africa, on 11-12 September 2014. The forum was organized by SALGA, the South African Local Government Association, in partnership with the Department of Public Works and Infrastructure. The forum provided a platform for municipal managers to share best practices, discuss challenges, and explore opportunities for collaboration. The forum was attended by over 100 municipal managers from across South Africa. The forum was organized by SALGA, the South African Local Government Association, in partnership with the Department of Public Works and Infrastructure. The forum provided a platform for municipal managers to share best practices, discuss challenges, and explore opportunities for collaboration. The forum was attended by over 100 municipal managers from across South Africa.

## Body to train Municipal Managers

**D**epartment of Public Works and Infrastructure has announced the formation of a new body to train municipal managers. The new body, the Municipal Managers Training Institute, will be responsible for providing training and development opportunities for municipal managers across South Africa. The institute will be established as a separate entity, reporting to the Department of Public Works and Infrastructure. The institute will be responsible for providing training and development opportunities for municipal managers across South Africa. The institute will be established as a separate entity, reporting to the Department of Public Works and Infrastructure.



The Municipal Managers Forum convened at both national and provincial levels has also been used as a learning platform focusing on peer learning between Municipal Managers. It also includes learning with other role players from outside the sector.

# NEWLY ELECTED COUNCILLORS IN 2016 & GENDER BREAKDOWN



BREAKDOWN OF 2016 NEWLY ELECTED COUNCILLORS				GENDER BREAKDOWN OF 2016 NEWLY ELECTED COUNCILLORS						
Province	Ward Councillors	PR Councillors	Total	Province	Female Ward Councillors	Male Ward Councillors	Total	Female PR Councillors	Male PR Councillors	Total
Eastern Cape	703	787	1490	Eastern Cape	229	474	703	415	372	787
Free State	309	350	659	Free State	79	230	309	172	178	350
Gauteng	529	563	1092	Gauteng	192	337	529	234	329	563
KwaZulu-Natal	870	976	1846	KwaZulu-Natal	193	677	870	481	495	976
Limpopo	565	657	1222	Limpopo	212	353	565	352	305	657
Mpumalanga	400	460	860	Mpumalanga	120	280	400	260	200	460
North West	407	473	880	North West	122	285	407	228	245	473
Northern Cape	204	219	423	Northern Cape	82	122	204	105	114	219
Western Cape	401	433	834	Western Cape	155	246	401	166	267	433
<b>Grand Total</b>	<b>4388</b>	<b>4918</b>	<b>9306</b>	<b>Grand Total</b>	<b>1384</b>	<b>3004</b>	<b>4388</b>	<b>2413</b>	<b>2505</b>	<b>4918</b>

**Source: Independent Electoral Commission (IEC) 10 Aug 2016**

# Human capital development in local government

- A **collective bargaining** agreement was again concluded without incident for the 2015 – 2018 period with the relevant parties and significant progress on working towards a service charter agreed upon
  - The agreement covers over 270 000 employees in 278 municipalities
- Effective legal intervention by SALGA resulted in the long standing **Wage Curve** dispute being finalized in favor of municipalities – saving municipalities from retrospective wage curve back-payment
- **Profiling** of the capability maturity level of 129 municipalities in Human Capital Management function was conducted bring to date a total of 272 municipalities profiled.
- To improve governance and compliance with the legislative framework, 82 municipalities were supported on **Performance Management Systems** (PMS). Municipalities capacitated on Performance Management Systems for improved governance and compliance with the legislative framework.

# Human capital development in local government

- SALGA NEC resolved to adopt the **Tuned Assessment of Skills and Knowledge (T.A.S.K.) job evaluation (JE) system** for the local government sector. SALGA developed “JE Guidelines Policy” document and this was circulated to all municipalities during September 2012. A three-year deal was entered into with Deloitte who is the software licence holder. To date 671 Job Evaluation Units (JEU) were trained, 45 JEU were established and are generally functioning.
- SALGA represented municipalities in 92 **disciplinary hearings** either as Presiding Officers or Prosecutors in the previous financial year. In 90% of these matters employees were found guilty of misconduct.
- Research was conducted on the pay curve for bargaining staff, seeking to align to market rate, upper limits for senior managers remuneration. A proposed pay model is in place paving way for consultations with municipalities prior to it being subjected to negotiations and conclusion at the bargaining committee under the auspices of the SALGBC.

# Goal 6:

**Financially and organisationally capacitated municipalities**



# Municipal Audit Support Programme (MASP)

- MASP follows a Multidisciplinary approach that is based on 4 Pillars.
- **All** four pillars in a Municipality need to be strong and functioning effectively in order for a Municipality to obtain and sustain unqualified audits and good service delivery
- SALGA is confident that the MASP covers the risk areas and root causes identified by the AGSA as well as the three aspects audited.

**Institutional  
Capacity**



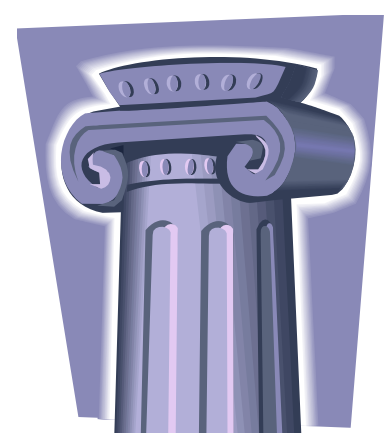
**Financial  
Management**



**Leadership**

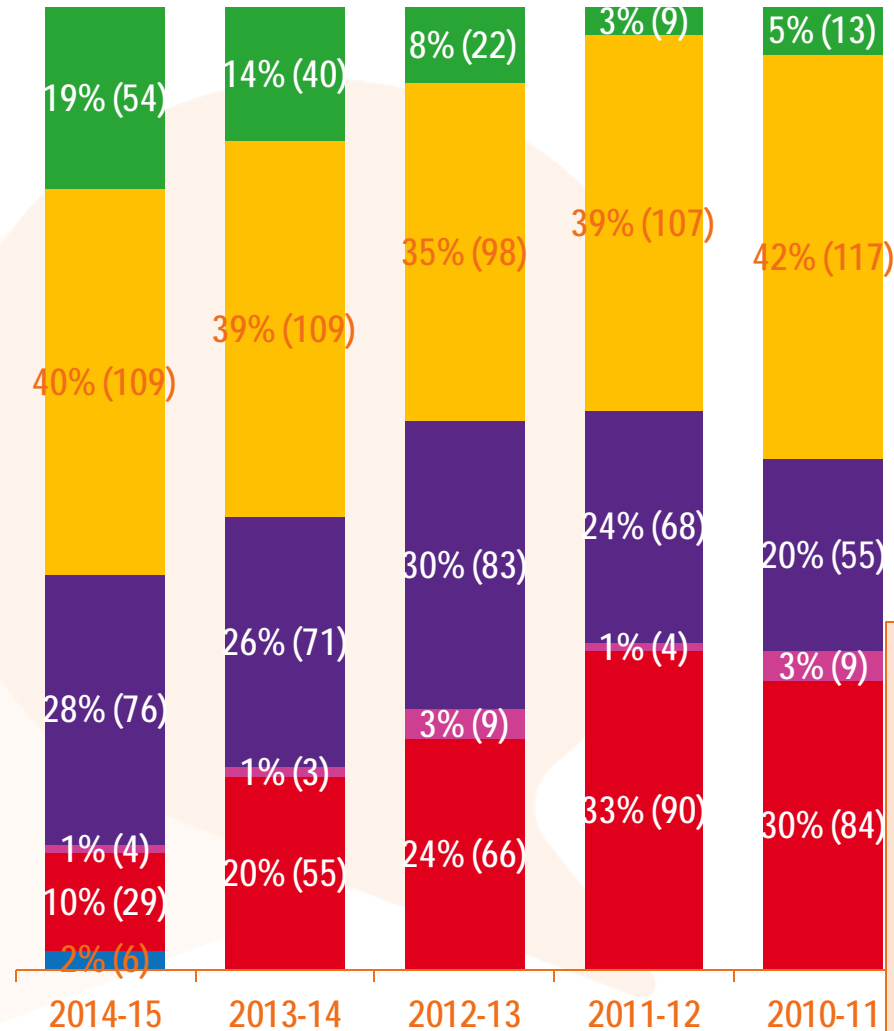


**Governance**



# Financially and organisationally capacitated municipalities

- Resulted in audit improvements in some municipalities e.g. Nala, Thabo Mafutsanyana, Great Kei, Ba-Phalaborwa, Lekwa Teemane, Greater Taung, Nama Khoi, Amajuba, Hlabisa, and others
- The Section 71 reports also indicate overall progress as most municipalities are submitting Treasury required information, are complying with Budget Guidelines, are spending most of their allocated budgets and are making efforts in collecting revenues



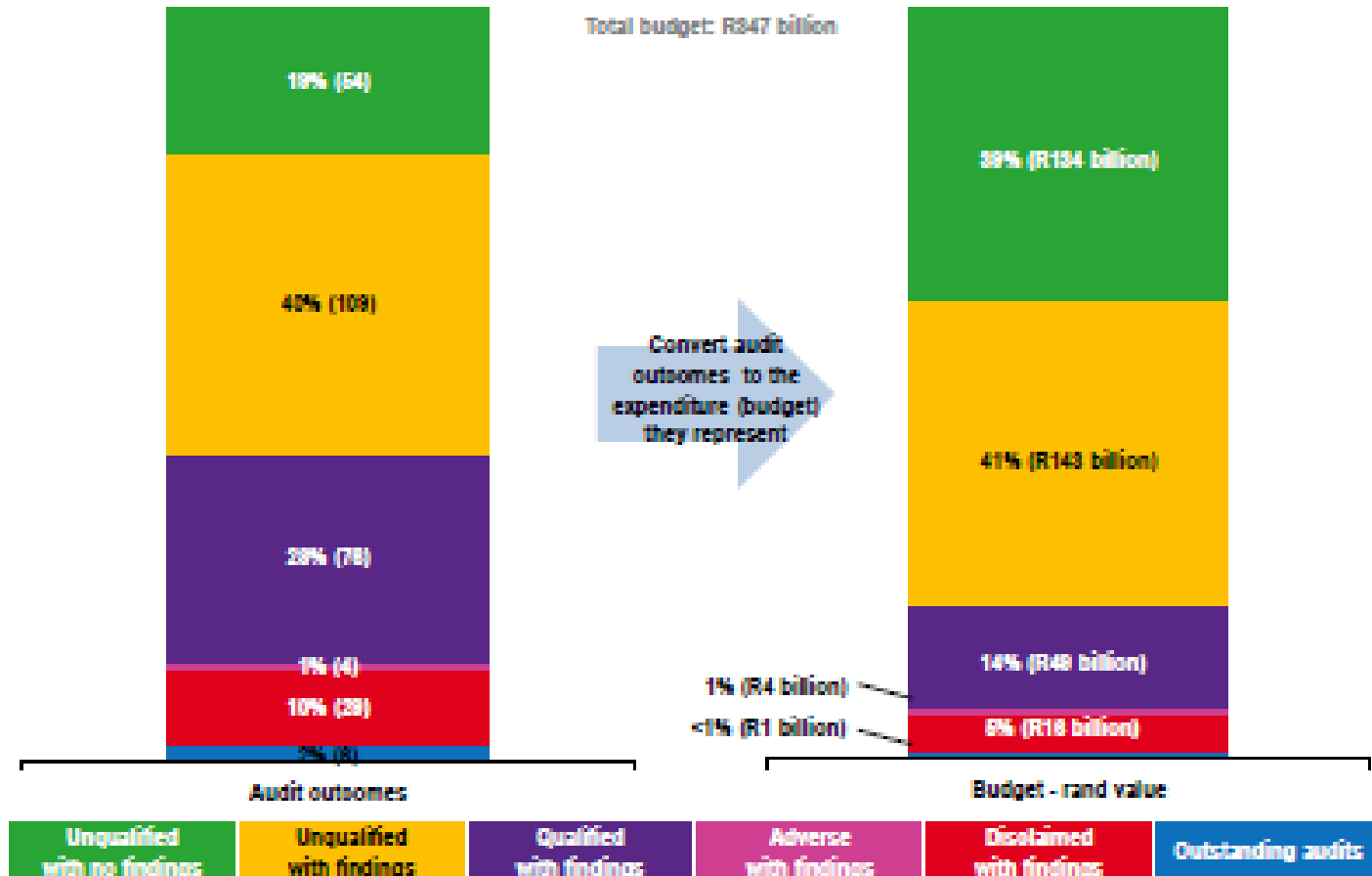
The MFMA came into legislation in 2003

Reported data only became reliable from 2005/6

It took some years to implement the systems required to support the legislation.

# Financially and organisationally capacitated municipalities

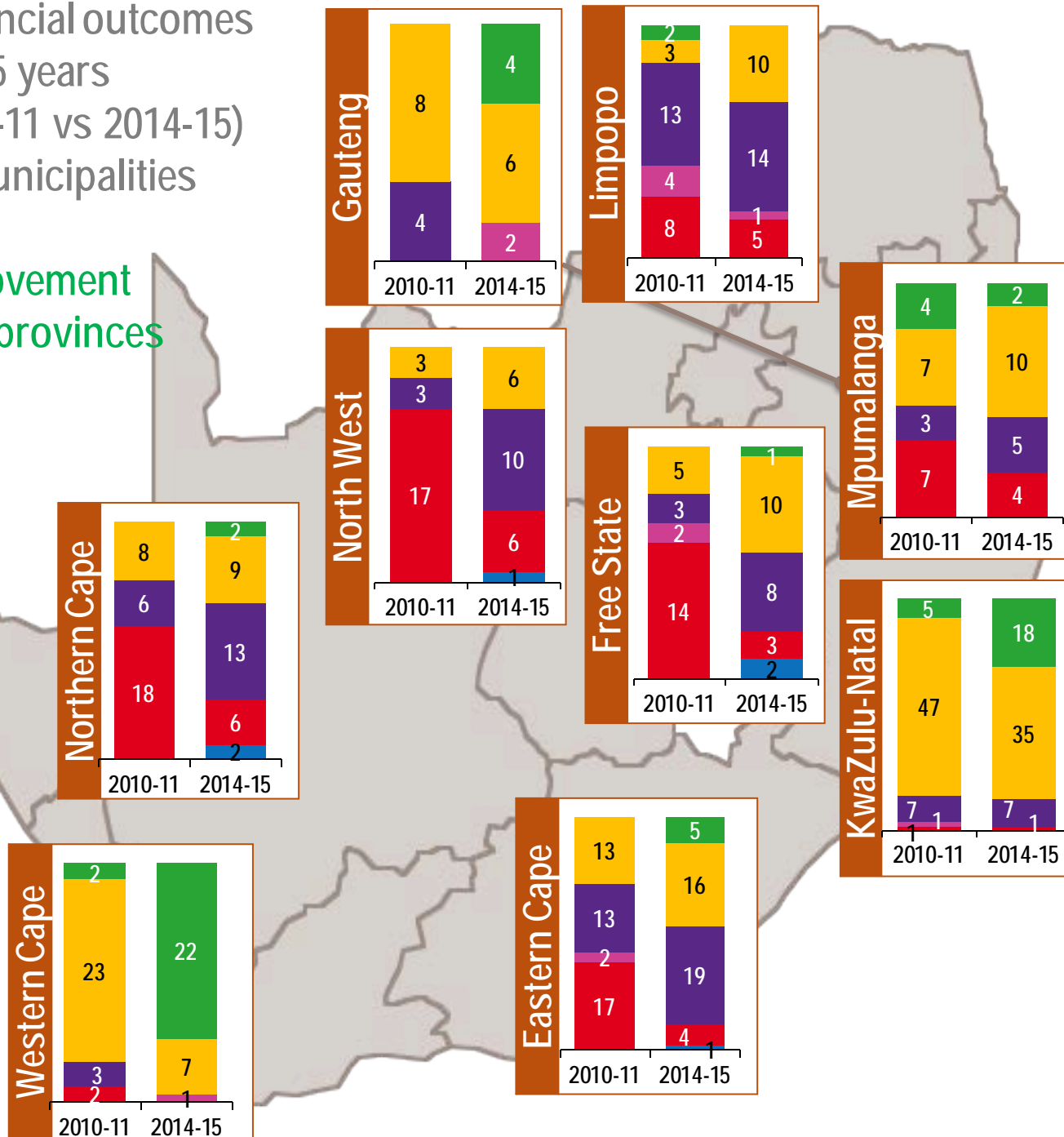
Figure 2: Audit outcomes vs budget allocations



80% of the Local Government budget is now being spent in municipalities that have unqualified audits therefore demonstrating improving financial prudence

# Provincial outcomes over 5 years (2010-11 vs 2014-15) on municipalities

Improvement in all provinces



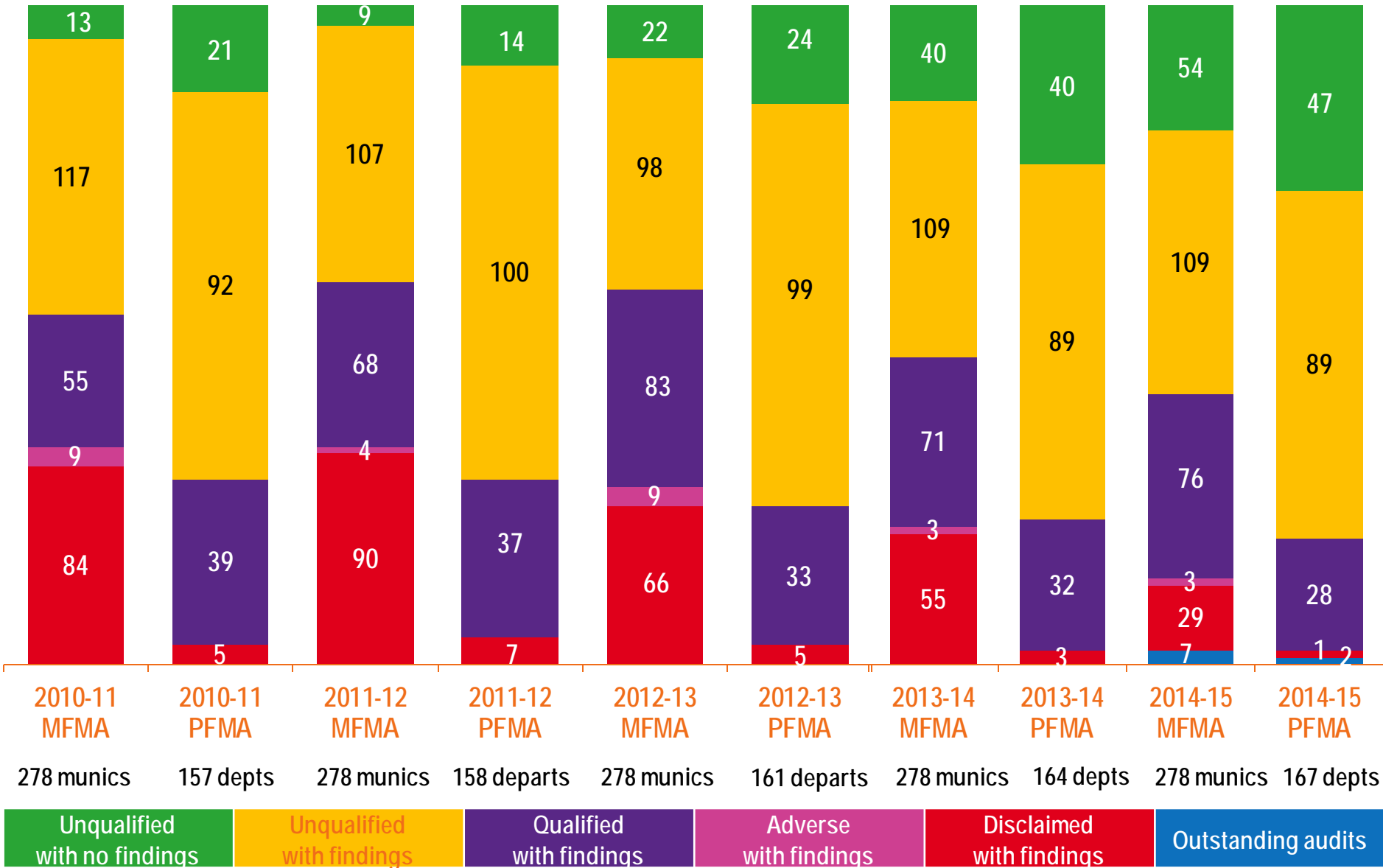
2014-15  
MFMA

- Unqualified with no findings
- Unqualified with findings
- Qualified with findings
- Adverse with findings
- Disclaimed with findings
- Audits outstanding



AUDITOR-GENERAL  
SOUTH AFRICA

# 2010-11 to 2012-13 MFMA vs PFMA Comparison



# Municipalities Confronted With Stubborn Challenges

Fourteen municipalities consistently in the Red Zone over past five (5) years and thus need significant attention from SALGA and partners

Name of Municipality	Province	Category
Matjhabeng LM	FS	LM
Phumelela LM	FS	LM
Mafube LM	FS	LM
Maluti-A-Phofung LM	FS	LM
Ngwathe LM	FS	LM
Thaba Chweu LM	MP	LM
Ditsobotla LM	NW	LM
Mamusa LM	NW	LM
Tswaing (also under S139 Administration)	NW	LM
Ventersdorp (also under S139 Administration)	NW	LM
Dikgatlong LM	NC	LM
Phokwane LM	NC	LM
Ga-Segonyana LM	NC	LM
Tsantsabane LM	NC	LM

# Financially and organisationally capacitated municipalities

- SALGA continues to provide dedicated support to municipalities with adverse audit outcomes. Support provided so far ranges from risk management, internal audit matters, financial management, governance and ICT control.
  - PARI Research completed which provided a key source of information for the development of support plans for Municipalities.
  - Support plans were developed for all 60 Red Zone municipalities based on latest available audit report
  - 43 Municipalities received hands-on support
    - ✓ 8 of the red zone municipalities who received direct support progressed.
    - ✓ Number of Red Zone Municipalities reduced from 60 to 47
    - ✓ A total of 38 municipalities were assisted on the role of Internal Audit, Audit Committee and Risk Management Committee.
  - SALGA signed a Memorandum of Understanding (MOU) with the Institute of Internal Auditors (IIA) that will assist with the MASP program.



# Anticipated Improvement in Audit Outcomes for 2016-21

## Positive Trajectory

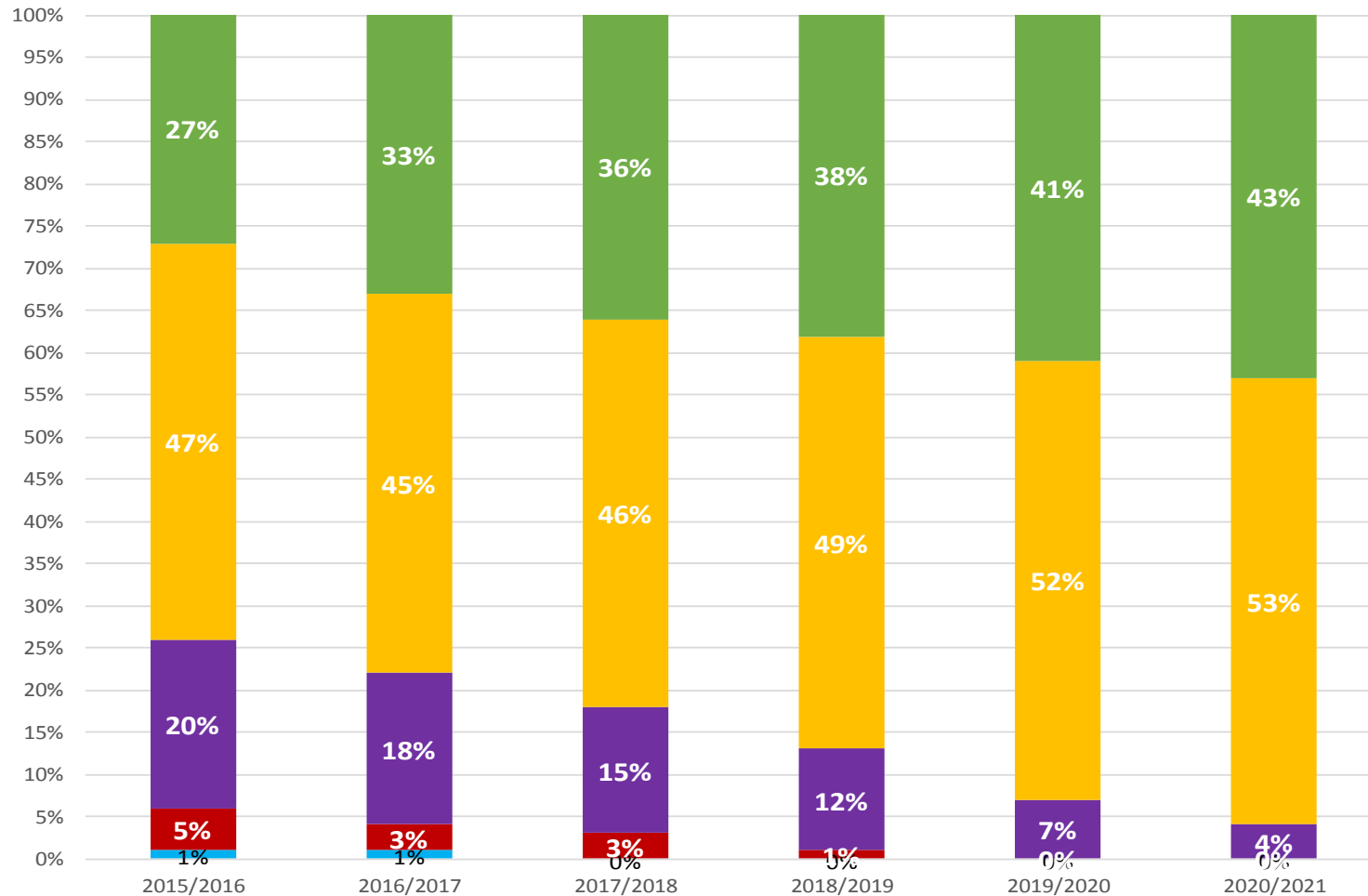
Stabilization of municipalities in terms of financial accountability

Should current support continue & momentum maintained, adverse opinions, disclaimers & non submissions shall be eliminated by the end of the next term

**Key risks** to manage in order for the positive momentum to be maintained

- Demarcations
- SCOA

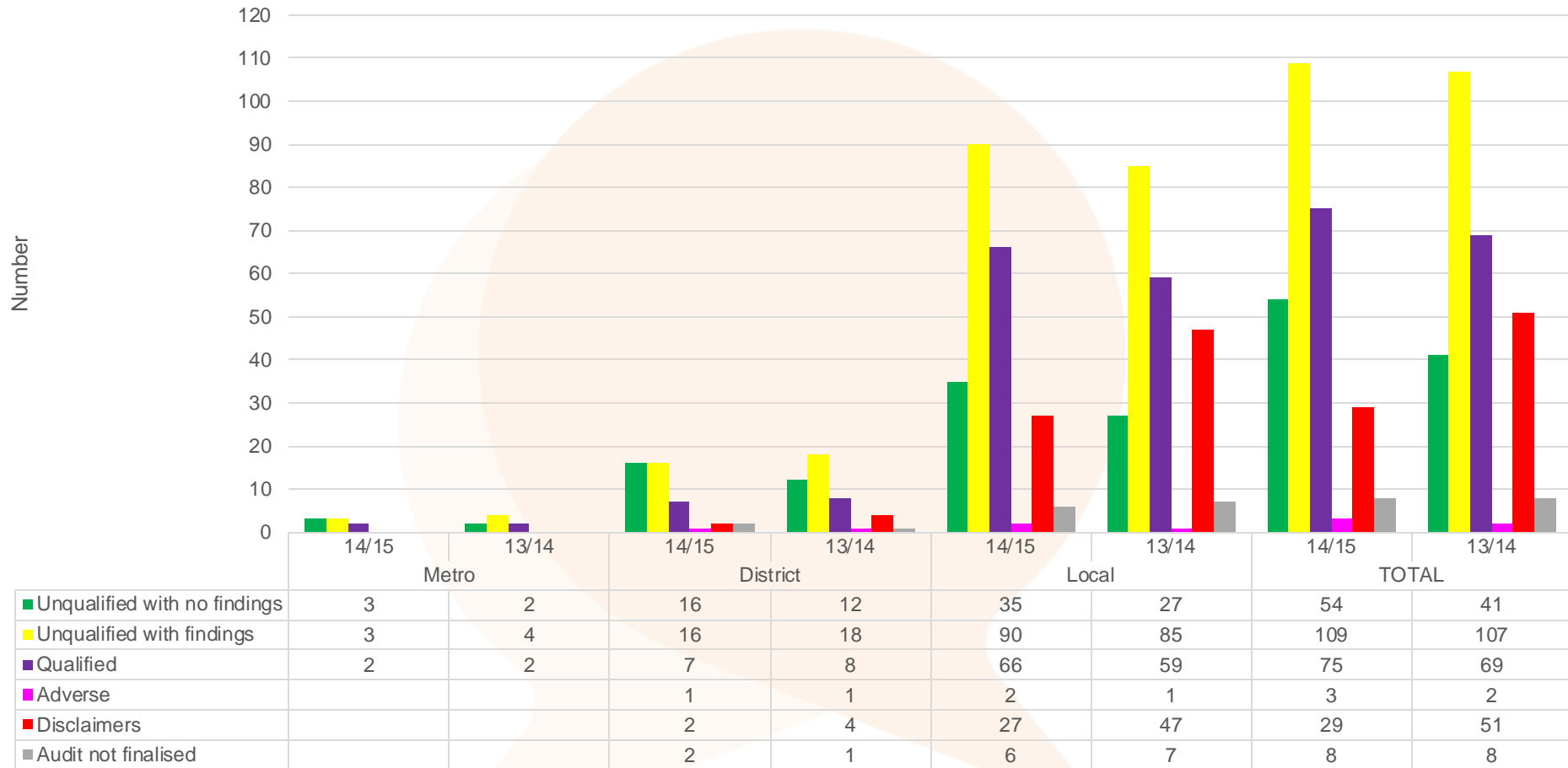
TARGETED TREND





# Latest Audit Outcomes 2014-15

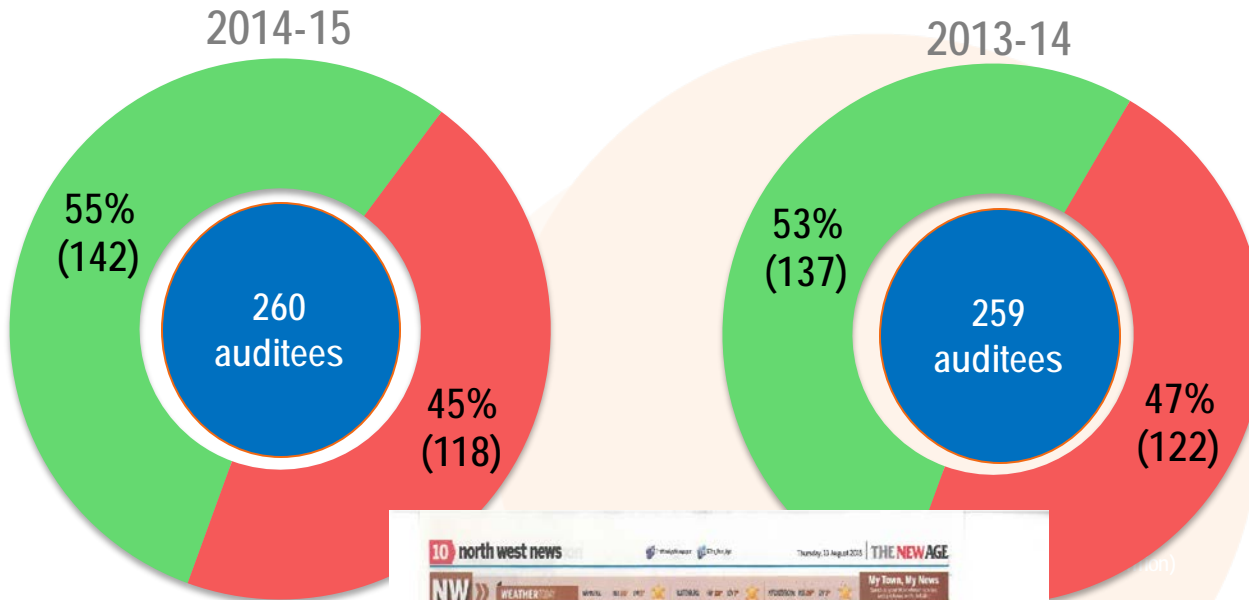
Audit Outcomes per category



Two year comparison per Category

■ Unqualified with no findings  
 ■ Unqualified with findings  
 ■ Qualified  
 ■ Adverse  
 ■ Disclaimers  
 ■ Audit not finalised

# Consequence management: Investigations by council of unauthorised, irregular as well as fruitless and wasteful expenditure reported in previous years



2014-15  
 MFMA

- All cases investigated
- All cases not investigated



AUDITOR-GENERAL  
 SOUTH AFRICA

# Financially and organisationally capacitated municipalities

- Billed revenue measured against adjustment budgets, the **performance of metros** shows surpluses across three of the four core services
  - Actual collection rate was 90% among metros
- **Metro expenditure amounted to 92.8% vs 85% in 2011**
  - Secondary cities at 86.6% (remaining steady compared to 2011)
- Outstanding debt amounted to **R113 billion**, compared to R64 billion at the beginning of our term
- As at 30 Sept 2015, total investments by municipalities = R27.1 billion

## DEBT OWED TO METROS

Aggregate municipal consumer debts amounted to R113.5 billion, total amount of R4.1 billion has been written off as bad debt.

- SA Metros jointly owed R56.7 billion as at 30 June 2016. This represents a decrease of R1.8 billion compared to 2015,
- Gauteng metros account for over R30 billion as follows:
  - Johannesburg is still owed the largest amount at R16.1 billion
  - Ekurhuleni Metro follows at R11.7 billion
  - City of Tshwane owed R7.6 billion
- Households remain the largest debt category and metropolitan areas account for R35.6 billion of total debt
  - Businesses which account for R17.7 billion
  - Debt owed by government agencies is approximately R1.7 billion

# PROGRESS ON INTEGGOVERNMENTAL DEBT

- Of the 278 municipalities, 256 have signed verified debt and signed off ( 22 less cooperative), 2 of those in Gauteng
- Over R1,1 billion has been paid of R3,8 billion verified and signed off debt
- Disputed properties (ownership: Unregistered, Un-surveyed, Unrateable) - Unresolved 54 981 properties
- Work underway for standardised process (Blueprint) to settle Government accounts
- Work underway ito development of a State Domestic Facilities (Trust, Communal, Tribal and private land) Framework
- Some Departments (e.g. NDPW and Gauteng Province) have reprioritised funds and made payments

# Goal 7:

**Effective and efficient administration**

# Effective and efficient administration

## Rebranding

- SALGA developed a repositioning and rebranding strategy approved by the NEC in November 2015 and launched at the NMA in May 2016.
  - The strategy and new identity gives SALGA a new purpose which consolidates the successful growth of the organisation since birth 20 years ago into a high performance organisation and repositions it for even better impact into the next 20 years.
  - A key highlight in the rebranding of SALGA is the newly developed pay off line and brand identity which is aligned to the overall strategic framework of the organisation.





# Effective and efficient administration

## Profiling Local Government Locally & Nationally

In order to raise the profile of local government SALGA developed an Integrated Marketing Communications & Stakeholder Management Strategy.

- A key deliverable for this was initiating a campaign on Profiling Local Government.
  - The campaign has been delivered through various Radio, and social media platforms across all provinces in the country
  - The number of followers on twitter and facebook has increased significantly. This afforded SALGA huge presence in the social media space and thus ability to influence public debate.
  - This campaign serves to demonstrate the important role that LG has played in **Restoring Human Dignity** of people over the last 15 years since establishment of democratic and developmental LG.





# Effective and efficient administration

## Profiling Local Govt Internationally

- SALGA co-hosted (with Jhb, CoGTA and SACN) the 2015 AfriCities Summit in, Joburg in Nov-Dec 2015, showcasing SALGA to the world and building strategic partnerships for implementing Agenda 2063:
- SALGA Played crucial role in re-unifying the UCLGA and are currently leading the Southern African chapter SARO
- UCLG held the World Summit of Local and Regional Leaders and 4th UCLG Congress on 1-4 Oct 2013. A key outcome of the Congress was the election of SALGA as a member of the UCLG World Council and UCLG Executive Bureau.
- Emerging strength of SALGA's participation and standing in the global arena is evident in the **City of Johannesburg's bid for the UCLG Presidency.**



SALGA has participated in and influenced various international platforms incl UCLG, UN, Habitat III, AU etc

# Profiling Local Government Internationally



SALGA participated in UN's adoption of SDGs



SALGA collaborates with Palestinian Association of Local Authorities



SALGA engaged AU on Africa's Vision 2063





# Financial Performance & Position



# Organisational performance and audit outcomes

## Maturing Phase

## Sustainability Phase

2009/10  
Unqualified  
Audit Opinion

2010/11  
Unqualified  
Audit Opinion

2011/12  
Unqualified  
Audit Opinion

2012/13  
Unqualified Audit  
Opinion with no  
findings  
"Clean"

2013/14  
Unqualified Audit  
Opinion with no  
findings  
"Clean"

2014/15  
Unqualified Audit  
Opinion with no  
findings  
"Clean"

2015/16  
Unqualified Audit  
Opinion with no  
findings  
"Clean"



# Enhancement of organisational financial growth

## Statement of financial position

<i>R million</i>	2012	2016	% change 5-year
Current Assets	48.6	187.8	286%
Non-Current Assets	23.9	35.5	48%
<b>Total Assets</b>	<b>72.5</b>	<b>223.3</b>	<b>208%</b>
Current Liabilities	60.7	78.9	30%
Non-Current Liabilities	1.6	5.8	260%
<b>Total Liabilities</b>	<b>62.3</b>	<b>84.7</b>	<b>36%</b>
<b>Net Assets</b>	<b>10.2</b>	<b>138.6</b>	<b>1259%</b>
<b>Included in assets is the following:</b>			
Cash and Cash Equivalents	18.9	120.2	536%
Trade and other receivables	29.7	67.6	128%
<b>Key financial ratios:</b>			
Trade and Other Receivables as % of Revenue	8.3%	13%	56%
Membership Levy Payments	89%	88%	-1%
Total Revenue	359.2	522.9	46%
<b>Current Ratio</b>	<b>0.80</b>	<b>2.38</b>	<b>197%</b>
<b>Asset Coverage Ratio</b>	<b>7</b>	<b>25</b>	<b>240%</b>

# Financial sustainability and funding model

## Value for money return on investment during this term:

- **Total revenue has grown by 46 percent** between 2011-12 financial year vs 2015-16 financial year, to R522.9 million
- Total net assets have increased by over 100% between 2011-12 financial year and 2015/2016 financial year, to R138.1 million
- Liquidity \_organisation's **current ratio has improved by over 100%** between 2011-12 financial year vs 2015-16 financial year, to R 2-38 worth of current assets for each R1 of current liabilities
- Solvency: **asset coverage rate of 25 times** indicating an improvement of over 100% between the 2011-12 financial year vs 2015-16 financial year (from 7 times)
- **Cash and cash equivalents have increased by over 100%** from R 18.9 million in 2011-12 financial year to R120.2 million in 2015-16 financial year
- Member levy payment levels has been maintained close to 90% over the period

# Enhancement of organisational financial ratios analysis

## Five-year improvement trend in financial management:

1. Current Ratio improved by **197 percent** from R 0-80 to **R 2-38** for every R 1 of current liabilities;
2. **208 percent** increase in total assets;
3. **48 percent** increase in non-current assets;
4. Over **200 percent** increase in non-current liabilities due to a low base (operating lease obligation);
5. **30 percent** increases in total liabilities (leveraging external sources of funding);
6. Over **500 percent** increase in cash and cash equivalents;
7. Trade and other receivables as a percentage of revenue remained relatively stable at **13 percent** despite significant increase in Revenue by **41 percent**;
8. Membership levy payment levels rate remain steady - 89 percent as at 31 March 2012 and **88 percent** as at 31 March 2016 (invoices raised in March 2016 from the revenue assurance exercise);
9. **46 percent** increase in total revenue to **R 522.9 million** (2012: R 359.2 million).
10. The asset coverage rate has improved by over **200 percent** to **25 times** from 7 times due to a higher growth in asset base compared to the growth in Non-current liabilities

# Recommendations

**It is recommended that:**

- **The 2015/16 annual report which includes organisational performance information, financial statements and the report of the Auditor General be noted.**





# Taking Local Government Forward (2016 – 2021)

# Addressing Residual Challenges (Conclusions from 15 Year Review)

- **Governance and oversight** challenges which need immediate strategic, administrative and political attention;
- Dealing with the **key levers required to effectively transform our municipal spaces** and direct development, in particular according cities and towns more coherent powers and functions;
- Confronting our **energy and infrastructural challenges** and finding long-term sustainable solutions;
- Intergovernmental debt and **rising consumer indebtedness**, as well as **declining revenue** base of municipalities; and
- Linked thereto, the viability and **long term financial sustainability** of the sector, including the current proposed demarcation reforms.

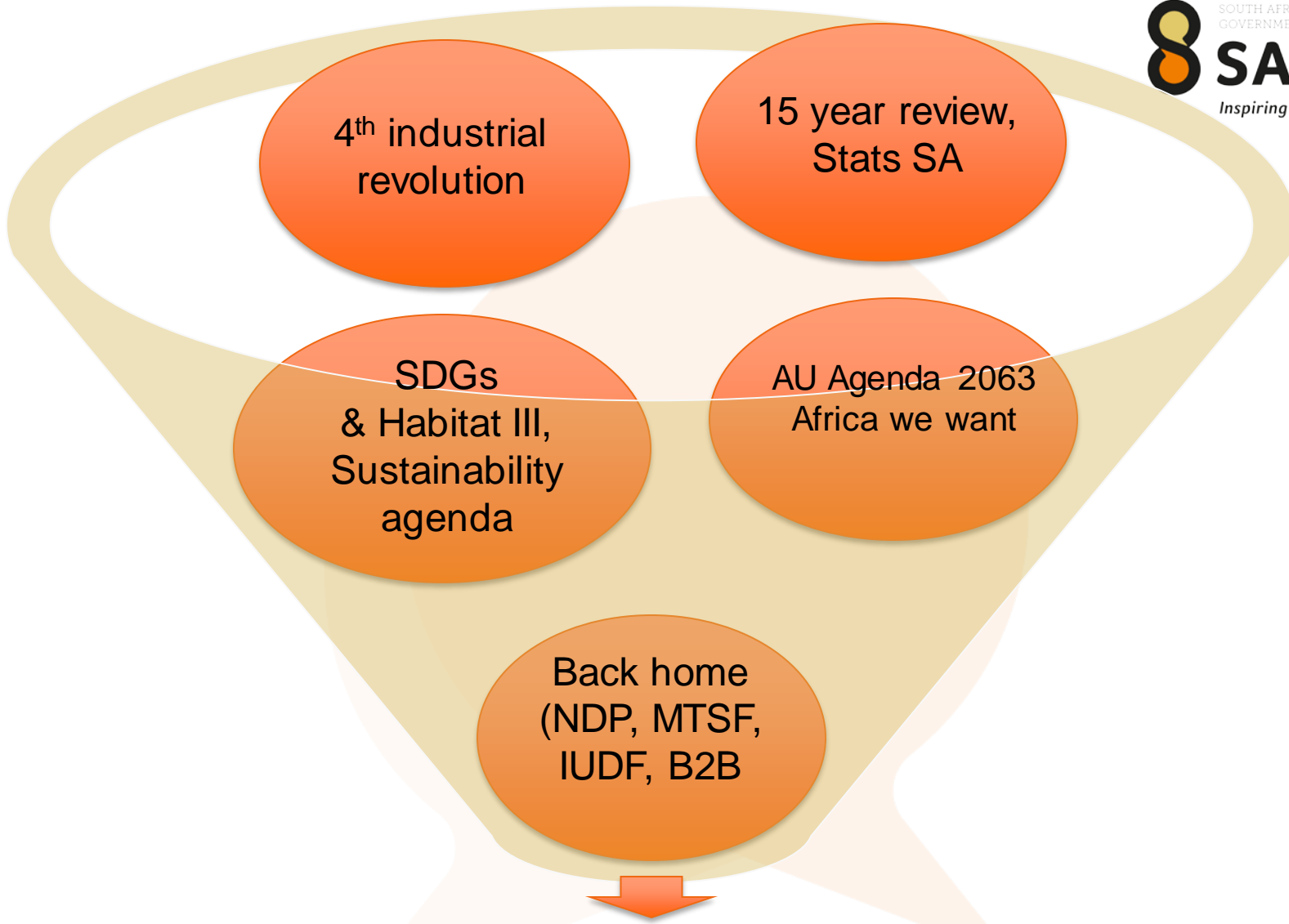
# Addressing Residual Challenges (Conclusions from 15 Year Review)

- Collaborating in driving and overseeing an **integrated planning and execution** approach across sectors and spheres in line with the National Development Plan. This must be aimed at achieving spatial transformation and by ensuring that IDPs are recognised as the central planning tool of government;
- **Respecting and supporting the constitutional mandate of local government**, and collaborating with the sector to improve development outcomes. A key highlight in this regard was a commitment to work together in rationalising legislation and regulations which impede the effective delivery of services and transformative socio-economic development;
- Applying the principle of **finance follows function** to those functions transferred or assigned to local government. This includes quantifying the practical and financial implications of new laws and regulations on municipalities.

# Addressing Residual Challenges (Conclusions from 15 Year Review)

- Political and administrative **stability**;
- Functional council and council structures and **healthy political and administrative relations and interfaces**;
- Alignment of budgets and Integrated Development Plans, Capex spending and allocate at least 7% budget for maintenance;
- **Sound financial management**: clean/unqualified audits; effective internal controls, prudent spending, revenue generation measures;
- Consistent delivery of services, **continuous improvement of quality of service**;
- Sound institutional management: clear policy and delegations frameworks, **capable staff, transparency, accountability** and **consequence management, intolerance to corruption**; and
- **Community involvement** and satisfaction.

# “A Rapidly changing, more interconnected and complex world”



**SECTION B: What informs our medium term strategic perspective**

# 2017-2022 Potential Strategic Priority Areas (To be discussed in Commissions)



**1. Promoting Sustainable, Inclusive Economic Growth and Spatial Transformation**

**2. Sound and Enabling Policy, Fiscal and Institutional Framework for Integrated Development**

**3. Strengthening the Pillars of Good Governance and Building Resilient Municipal Institutions**

**4. Inspiring Revenue Enhancement and Sound Financial Management**



# Thank You